National Report: Lower Mortgage Rates Move Housing Affordability Levels to Their Highest Points Since 2016

By Jeff Hanley, IMPACT Editor

WASHINGTON, D.C.

With mortgage rates at a three-year low and a national healthy job market, housing affordability across the U.S. rose to its highest level in three years during the third quarter.

That assessment was contained in The National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index (HOI) released on Nov. 7.

The index said that, in all, 63.6 percent of new and existing homes sold between the beginning of July and the end of September were affordable to families earning the U.S. median income of $75,500. The level is up from the

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FEATURES

County Executives from Westchester, Nassau and Suffolk Counties Address A Series of Issues Affecting the Region

WHITE PLAINS

In a packed White Plains ballroom on Sep. 13 with a standing-room only crowd of more than 200 people, the three County Executives from Westchester, Nassau, and Suffolk counties - representing more than 4 million residents - addressed many issues that they have in common.

George Latimer from Westchester, Laura Curran from Nassau and Steven Bellone from Suffolk are all Democrats and were all on the same page on virtually every issue.

Lisa Foderaro, a former N.Y. Times Westchester Bureau Chief, moderated the session as part of The Business Council of Westchester's (BCW) Leadership Series. The BCW is an organization that promotes and advocates for economic development. The three County Executives responded to questions about the challenges that county governments are facing, including energy, infrastructure, housing and Albany.

Initial Comments

Bellone stated that we must recognize that the regional approach is necessary in a competitive global economy. Curran stated that all three counties are dense suburbs with aging infrastructure and high property taxes and are important to the economy of the U.S.

Latimer stated, and the other County Executives agreed, that we all are related by economics to New York City. They said that portions of our counties are as urban as New York City and we must all cooperate. They did not elaborate on the fact that many of Westchester's residents work in New York City and many of its businesses relate to New York City.

Energy

Foderaro stated that New York State has set ambitious climate goals to reduce carbon emissions. With the loss of Indian Point power, how do we achieve the state's goals? Curran and Bellone stated that natural gas is a transition fuel and new gas pipelines are necessary.

Latimer agreed that the 2050 targets are ambitious. Westchester has added electric vehicles to its bus and car fleets. It would help if upstate renewable power could be

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Industry Report:

Builder Confidence Holds Firm In November

By Jeff Hanley, IMPACT Editor

WASHINGTON, D.C.

Builder confidence in the market for newly-built single-family homes edged one point lower to 70 in November, according to the latest National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index (HMI).

The report, released on Nov. 18, said that the past two months (November and October) mark the highest sentiment levels in 2019.

"Single-family builders are currently reporting ongoing positive conditions, spurred in part by low mortgage rates and continued job growth," said NAHB Chairman Greg Ugalde, a home builder and developer from Torrington, Conn.

He added: "In a further sign of solid demand, this is the fourth consecutive month where at least half of all builders surveyed have reported positive buyer traffic conditions."

"We have seen substantial year-over-year improvement following the housing affordability crunch of late 2018, when the HMI stood at 60," said NAHB Chief Economist Robert Dietz. "However, lot shortages remain a serious problem, particularly among custom builders. Builders also continue to grapple with other affordability headwinds, including a lack of labor and regulatory constraints."

Derived from a monthly survey that the NAHB has been conducting for 30 years, the NAHB/Wells Fargo HMI gauges builder perceptions of current single-family home sales and sales expectations for the next six months as "good," "fair" or "poor," NAHB officials said.

The survey also asks

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Case Study:

A Real-World Scaffold Law Nightmare Claim – And Why Your Liability Insurance Premiums May Soon Increase!

By Jason Schiciano and Ken Fuirst, Co-Presidents, Levitt-Fuirst Associates

TARRYTOWN

New York's "Scaffold Law" (NY Labor Law Sections 240/241) makes property owners in New York **"absolutely liable"** for elevation-related injuries to contractor employees working at commercial properties (office buildings, co-ops, condos, apartments, etc.).

New York is the only state in the country with such a law (all other states apply a "comparative negligence" standard, where the worker can be partially responsible for his/her own injury, to the extent he/she was negligent.)

As a result of this law, New York property owners routinely attempt to transfer this liability exposure from their buildings and their insurance carriers, to the contractors and the contractors' insurance carriers.

Transferring liability exposure requires: 1) a certificate of insurance, evidencing the contractor's Liability insurance, naming the property owner as an Additional Insured; 2) a signed agreement from the contractor, agreeing to indemnify, and name as Additional Insured, the property owner; and 3) the contractor's Liability policies have no exclusions for Scaffold Law-related claims (many less expensive contractor insurance policies exclude Scaffold Law claims, so there would be no coverage for the Additional Insured).

If a property owner's liability policies have to pay for a Scaffold Law claim, the property owner could be faced with policy non-renewal, followed by substantial premium increases for many years to come.

Despite these serious repercussions for landlords, condos, and co-ops, most neither collect properly worded insurance certificates and signed agreements, nor vet their contractors' policies to confirm there are no Scaffold Law exclusions. So, why don't we hear horror stories regularly about property owners whose insurance has increased, because of a Scaffold Law claim?

The reality is that injuries to workers at commercial buildings are relatively rare, and even when they occur, injured workers are often satisfied with the healthcare benefits and compensation pro-

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The Sep. 12 General Membership Meeting of The Builders Institute (BI)/ Building and Realty Institute (BRI) covered the recent state legislative session and its effects on the building, realty and construction industry. More than 65 members of the local building, realty and construction sector attended the event at The Crowne Plaza Hotel in White Plains. Pictured during the program are, from left to right, Vincent Mutarelli, BI/BRI president; Lew Dubuque (speaker), executive vice president, The New York State Builders Association (NYSBA); Kristin Savard (speaker), president, NYSBA; and Albert Annunziata, executive director, BI/BRI. A full report on the recent meetings, seminars and social events of the BI/BRI is featured in the center section of this issue. *Photo by Barbara Hansen*

A Real-World Scaffold Law Nightmare Claim – And Why Your Liability Insurance Premiums May Soon Increase!, Continued from p.1

vided by their employers' Workers Compensation policies, rather than also suing the commercial property owner. So, unless you're a commercial property owner who has been burned by a Scaffold Law claim, or you've heard of another owner's Scaffold Law ordeal, you are likely to think (after all these years) that your building is immune to Scaffold Law claims. Think again!

Here's Your Reality Check

Levitt-Fuirst Associates has been the insurance broker for a particular New York commercial property for over a decade. The building is older, and the owner frequently hired construction contractors to perform repair work and interior improvements for new tenants.

In this case, a general contractor (GC) which had done work for the owner at the building many times before over many years, was hired to perform interior renovation work. An employee of the GC was working on a ladder, when a door near the ladder was pushed open, knocking the ladder over, causing the worker to sustain injuries to his feet, knees, and a shoulder.

Soon after, the injured worker filed a Scaffold Law lawsuit against the building owner. Levitt-Fuirst reported the claim to the building owner's liability carrier, who immediately requested: 1) the GC's certificate of insurance, naming the building owner as Additional Insured; and 2) the contract between the owner and the GC, showing that the GC had agreed to name the owner as Additional Insured, and to indemnify the owner. Unfortunately, these important risk-transfer documents were not available.

The owner had hired this GC numerous times over the years to do work at the building via acceptance of a simple quote from the GC, nothing more. Over many years of working with the GC, there had never been a problem... until this accident.

The owner's insurance carrier realized that, absent the above-referenced risk-transfer documents, liability for the claim would fall to the building owner (instead of the GC's insurance). The building owner's insurance carrier initially reserved $230,000 for the injured plaintiff's medical treatment, lost wages, and compensatory damages (the building owner was paying approximately $17,000 annually for the General Liability and Umbrella Liability insurance.)

Three years later, following five surgeries, and the possibility of additional future surgeries, the claim settled for $3,000,000 (General Liability paid $1,000,000; Umbrella Liability paid $2,000,000). For the insurance renewal following the settlement, the building owner was faced with liability premiums that nearly doubled (though this was extremely reasonable, since premiums can triple or quadruple in similar cases, for a policy with inferior coverage.)

A Look at The Bigger Picture

The subject building owner had paid premiums of about $17,000/year for General Liability and Umbrella Liability insurance. Much of the $17,000 annual premium goes toward carrier salaries and overhead, operational expenses, general and administrative expense, etc., so less than $10,000 is available to pay claims. These liability carriers incurred a $3,000,000 loss on just this one claim!

Yes, insurance relies on the "law of large numbers" - collect a "small" amount of premium from thousands of clients each year, and you'll have more than enough to pay a few "large" claims each year, and still make a profit.

But, in New York's world of routine multi-million-dollar Scaffold Law claim settlements, the math doesn't always work, and this nightmare becomes the reality:

There are fewer insurance companies willing to provide insurance for commercial property in New York, versus other states;

There are even fewer companies willing to provide insurance for contractors in New York;

Insurance premiums for commercial property and contractors is higher in New York than in any other state;

Liability insurance premiums - especially Umbrella Liability premiums - are skyrocketing, as more and more insurance carriers exit the New York insurance market, unwilling to offer insurance at any price, and choosing instead to write insurance in states with more reasonable labor laws (i.e. the 49 other states that do not have laws similar to New York's Scaffold Law).

Even if your building's loss history is good, your premiums may still be affected (to some extent) by the insurance industry's reaction to the Scaffold Law nightmare.

Taking the time to obtain the proper risk-transfer documentation can help prevent a contractor injury that occurs at your commercial building from turning into your own personal Scaffold Law nightmare.

The Builders Institute (BI)/Building and Realty Institute (BRI) - with the guidance of BI/BRI Executive Director Albert Annunziata - and Levitt-Fuirst Insurance (with the help of Co-President Jason Schiciano) have been strong advocates for Scaffold Law reform, benefiting property owners, contractors, and developers. Most recently, meetings with NY State Senators Peter Harckham (D-40 SD) and Andrea Stewart-Cousins (D-35 SD) were attended last spring. The advocates have also participated in multiple "Scaffold Law Lobby Days" in Albany.

For information on insurance for commercial property owners or construction contractors that covers Scaffold Law claims, contact your insurance broker, or Levitt-Fuirst at (914) 457-4200.

Editor's Note: Levitt-Fuirst Associates 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.

Robert Martin Company Announces Promotions

ELMSFORD

Robert Martin Company LLC recently announced the promotion of three company members to Vice President.

Damian Finley has been promoted to Vice President of Construction and Development. Finley, who joined Robert Martin in Feb. of 2018 as Director of Construction, has more than 20 years of construction and development experience in all sectors of commercial and residential real estate.

Prior to joining Robert Martin, Finley was Vice President of Development for Mack-Cali Realty Corp. in Jersey City, N.J. In that role, he oversaw all construction-related activities including commercial land development, tenant improvements, capital improvements, and repositioning projects throughout the company's portfolio. Finley received a B.S. Degree in Civil Engineering and a M.S. in Structural Engineering from Manhattan College, as well as an M.B.A. from Pace University's Lubin School of Business. He is a registered Professional Engineer in Connecticut.

Jeremy Frank has been promoted to Vice President of Investments. Frank is responsible for the identification of investment opportunities, new development planning and execution, debt and equity financing, and the management of new and existing projects and partnerships.

Prior to his current role, Frank served as the company's Director of Acquisitions. Since joining Robert Martin in 2011, Frank has played a key role in acquisitions and capital markets transactions with total volume in excess of $900 million, company officials said. He was a recipient of the Business Council of Westchester's "Rising Stars – 40 under 40" Award in 2017.

Prior to joining Robert Martin, Frank held senior positions in investment sales at prominent real estate advisory firms in New York City. He holds a B.S. in Business Administration from Touro College and a M.S. in Real Estate Finance and Investments from New York University.

Sandy Spring has been promoted to Vice President of Legal Affairs, where she is responsible for managing the legal affairs of the company and its affiliates.

Spring joined Robert Martin as a paralegal in 2006 and was promoted to Director of Legal Affairs in 2017.

Prior to joining Robert Martin, Spring served as the Manager of Legal Affairs for United Rentals, Inc., a Fortune 1000 company with more than 600 locations. Prior to that, she served as a Paralegal for Witco Corp. in the Acquisitions and Divestitures area of the Law Department. Before Witco, she worked for a master limited partnership with a portfolio of long-term triple net leases across the U.S. Spring received a B.A. from York College of Pennsylvania and obtained her Paralegal Certificate from Mercy College.

Founded by the late Robert Weinberg and Martin Berger, Robert Martin Company is a fully-integrated real estate company with a proven track record of successfully acquiring, developing, and managing investment properties throughout its distinguished history, company officials said.

Currently led by Chief Executive Officer Tim Jones and President Greg Berger, the company has been a leader in real estate investment, development and management for more than 60 years, company officials said.

Emerging from its start as a local home builder and becoming, for several decades, Westchester County's largest diversified developer and builder, Robert Martin Company and its affiliates, company officials said, have developed and acquired more than 20 million square feet of real estate across virtually every asset class. The company and its partners hold a portfolio that includes millions of square feet of office, retail, industrial, and residential properties, as well as developable land, officials added.


Sandy Spring


Damian Finley


Jeremy Frank

Fletcher Appointed the Director of Property Management for The Robert Martin Company

ELMSFORD

Robert Martin Company LLC, described by company officials as a fully integrated real estate company with more than 6 million square feet of properties under management, recently announced that Jerry Fletcher has been promoted to Director of Property Management.


Jerry Fletcher

In the role, Fletcher will oversee the company's property management related activities in Westchester and Fairfield (Conn.) counties.

Fletcher, who has more than 25 years of commercial property management experience, began his career as a property manager with Robert Martin in 1994. He worked at Mack-Cali Realty Corp. from 1997 to 2019 as the property manager for the Westchester Financial Center and the Cross Westchester Executive Park. Since rejoining Robert Martin earlier this year, Fletcher has assumed direct responsibility for property management of the Cross Westchester Executive Park and Stamford Executive Park (in Conn.), as well as oversight of the Mid-Westchester and South Westchester Executive Parks, company officials said.

Fletcher holds Bachelor of Science Degree in Electrical Engineering from Manhattan College.

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The company and its partners currently hold a portfolio that includes millions of square feet of office, retail, industrial, and residential properties, as well as developable land, company officials added.

INDUSTRY ANALYSIS:

Most Home Building Is In Millennial Areas, But The Pace Lags Behind The Rest of the U.S.

By Jeff Hanley, IMPACT Editor

WASHINGTON, D.C.

The majority of single-family and multifamily housing production in the U.S. is occurring in counties with the greatest concentration of millennials, according to a building and realty industry report.

The evaluation was part of the latest quarterly National Association of Home Builders (NAHB) Home Building Geography Index (HBGI). The index was released on Dec. 3.

The report added that, in a warning sign that the housing affordability crisis persists and more construction is needed, the pace of housing production in areas with the greatest concentration of millennials lags the rest of the U.S.

NAHB said that the third quarterly release of the HBGI sheds new light on the housing market by focusing on where millennials live. "Millennial Counties" are defined in the study as geographic areas where at least 26 percent of the population

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