



From the Editor's Desk

Hanley's Highlights

by Jeff Hanley

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

The Steady Flow of News on Key Topics Affecting the Building, Realty & Construction Industries Continues

ARMONK

The Beat Goes On.

That title from the 1967 rock hit by Sonny and Cher most definitely summarizes the consistent flow of news in this issue of *IMPACT*. There are, without question, no shortages of reports in this edition on important topics affecting the building, realty and construction sectors. The stories include:

- ◆ A Page One report on the Westchester County Rent Guidelines Board approving rent increases of two percent and three percent for lease renewals that are affected by the Emergency Tenant Protection Act (ETPA).
- ◆ A Page One story on New York State Workers Compensation Groups 458 and 530 recently reporting their recent dividends for their respective memberships.
- ◆ A Page One report from the National Association of Home Builders (NAHB) citing that rising inflation and higher mortgage rates are slowing the traffic of prospective home buyers and putting a damper on builder sentiment across the U.S.
- ◆ A Page One summary on how the Cooperative and Condominium Advisory Council (CCAC) of the BRI is continuing its consistent advocacy efforts on behalf of our region's Co-op and Condo Community. The summary was written by Jane Curtis, CCAC Chair. The report marks the return of Co-op and Condo Corner to *IMPACT*. Co-op and Condo Corner has been a longtime feature of our publication.
- ◆ A Page Two article in Insurance Insights on Home and Building Insurance Replacement Cost Limit scenarios. The article was written by Ken Furst and Jason Schiciano, co-presidents of Levitt-Furst Insurance. Levitt-Furst Insurance is the Insurance Manager for the BRI and its seven component associations. Furst and Schicano also authored a Page Three article on the possibility of Workers Compensation Rates skyrocketing in the months ahead.
- ◆ A Page Three report in Counsels Corner on two recent areas of interest in Co-op and Condo law. The story was written by representatives of Finger and Finger, A Professional Corporation. Finger and Finger serves as Chief Counsel to the BRI and its seven component associations.
- ◆ A Page 12 report from the NAHB stressing that Builder confidence across the U.S. fell for the eighth straight month in August as elevated interest rates, ongoing supply chain problems and high home prices continue to exacerbate housing affordability challenges. The staff of the BRI hopes that you enjoy the remainder of this summer. And this issue!



Phyllis and Ed Lashins

A Lashins Family Donation Helps Northern Westchester Hospital Healthcare Workers Receive a Wellness Gym

ARMONK

Well-known and longtime members of Westchester County's real estate community were recently acknowledged by a local organization.

Northern Westchester Hospital, part of Northwell Health, recently announced the dedication of the Lashins Family Employee Wellness Gym, a 1,350-square-foot, fully equipped onsite gym for employees. The facility is open 24 hours a day, seven days a week. The gym was made possible through a generous donation from Ed Lashins and Phyllis Lashins, officials said.

Ed Lashins is the principal of Lashins Development Corporation. The company, which is based in Armonk, is a longtime member of the Building and Realty Institute of Westchester and the Mid-Hudson Region (BRI). Ed Lashins is a former president of the BRI. He is a current member of the association's Board of Trustees. Ed Lashins and Phyllis Lashins are residents of Armonk.

"We know how difficult the past few years were for everyone, but especially the heroic efforts of our health care workers," said Ed Lashins and Phyllis Lashins, Armonk residents and Northern Westchester Hospital patrons for more than 30 years. The comments were reported on in the Apr. 29, 2022 edition of *The River Journal*.

Ed Lashins and Phyllis Lashins added: "As soon as we heard about this project, we knew we needed to make this come to fruition. We are excited for this moment and the future health of NWH and its excellent staff."

According to the report in *The River Journal*, over the past two decades, Northern Westchester Hospital's philanthropic community invested more than \$160 million to improve the hospital's medical and surgical excellence. This enabled the hospital to continually renew, expand, and accelerate its best-in-class patient care and state-of-the-art technology, becoming the first hospital in the nation to achieve both designation as a Planetree Patient-Centered Hospital with Distinction and Magnet Recognition for quality patient care, nursing excellence and innovation in the facility's professional nursing practice.

The gym is equipped with two treadmills, two adjustable weight benches, a lat tower, a Smith machine, a rowing machine, an elliptical cardio machine, stationary bikes, free weights, stretch mats, a Mirror workout system, two active Peloton workout systems and two bathrooms with showers. The space also features rotating motivational quotes and QR codes that will provide tips on food and nutrition, mental health and physical wellness and integrative medicine, according to the report in *The River Journal*.

"Our patients and team members are at the center of every decision we make," said Derek Anderson, executive director at Northern Westchester Hospital, in the report by *The River Journal*. "Going to the gym regularly improves your health, mind, and body. We are grateful to the Lashins family and our own employees who donated the funds to open this fitness center. As a Planetree Hospital, we prioritize investing in our team members' total well-being because we know that when they are strong, in body and mind, it's good for our patients and our community."

Insurance Insights

By Ken Furst and Jason Schiciano
Levitt-Furst Insurance



Have You Checked Your Home or Building Insurance Replacement Cost Limit? With Historic Inflation, Now is Definitely the Time!

"Some two-thirds of fire victims typically are underinsured"
— *United Policyholders, 1/8/22*

TARRYTOWN

The most significant input in the cost of a Property Insurance Policy is the Replacement Cost Limit.

In general (not withstanding policy enhancements, endorsements, etc.) the Replacement Cost Limit is the maximum dollar the insurance carrier will pay to reconstruct a home (Dwelling Replacement Cost) or building (Building Replacement Cost). All other things being equal, the higher the Replacement Cost, the higher the policy premium.

Carriers seek to compute premiums based on adequate Replacement Costs for all insured properties. If a carrier allows its portfolio to be under-insured, then over time, it will not collect enough premium in order to pay claims, and maintain profitability. Eventually, the carrier will go out-of-business.

Arguments

Homeowner and Building Owner clients often complain that the insurance carrier has set the Replacement Cost, at more than what they believe is required to replace the building or home, thereby inflating the premium they must pay. Typical arguments include:

- ◆ **Homeowner:** "That's double what I paid for the home when I purchased it two years ago, the replacement cost can't possibly be that high."
- ◆ **Homeowner:** "I spoke to a builder, who said he could rebuild my home for much less than that."
- ◆ **Building Owner:** "My building is mostly masonry and steel. There's no way the whole building would ever completely burn-down, so use a lower replacement cost."
- ◆ **Building Owner:** "That's a 40 percent higher replacement cost than the current insurance carrier is using. I just want you to match what the building is currently insured for."

Carriers don't just arbitrarily set the Replacement Cost Amount. The figure is typically calculated by algorithms, which estimate the replacement cost, based on numerous factors, including: square footage of the structure; construction type (e.g. wood-frame, joisted masonry, fire resistive, etc.); location (e.g. it costs more to build in Manhattan than in Rockland County); The Number of Stories (multi-story buildings cost more to construct); and the quality of construction (average, superior, etc.).

A Variety of Choices

One Common Replacement Cost Estimating Software is CoreLogic/Marsal & Swift, but there are many others, including carriers' proprietary systems. High-end Homeowner insurers - such as Chubb, PURE, Cincinnati, AIG, or BerkleyOne - typically do an In-Home Replacement Cost Appraisal, and provide the homeowner with a detailed report, including Property-Specific Replacement Cost Calculations. Commercial Carriers will often inspect a property, or use publicly available data, to help estimate Replacement Cost.

Over the past decade, many carriers have sought to correct what they deemed under-insured homes and buildings, citing either an insufficient Limit used when the policy was originally written, and/or lack of regular increases to the Limit, in order to keep-up with inflation. Many carriers now routinely increase Replacement Cost Limits upon every renewal, to help keep the reconstruction value in-line with inflation over time.

With minimal inflation over the past decade up until 2021, homeowners and property owners often complained that carriers' typical 2 percent

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Yonkers IDA Votes and Issues Its Preliminary and Final Approvals of Incentives for Three New Projects

Projects Represent \$106.5 Million in Private Investment and Are Expected to Create Up to 375 Construction Jobs, Officials Said

YONKERS

The Yonkers Industrial Development Agency (YIDA) voted at its Mar. 31 meeting preliminary and final approvals of financial incentives for three new residential and commercial projects that will build on Yonkers ongoing development boom, officials recently announced.

Officials said that the three projects represent a total private investment of \$106.5 million and are expected to create up to 375 construction jobs.

Warburton Avenue Apartments

The Center for Urban Rehabilitation and Empowerment, Inc, a local non-profit, and Conifer Realty, LLC, in partnership with the City of Yonkers, is proposing a 94-unit senior affordable community on existing vacant publicly and privately owned parcels in the Warburton-Ravine neighborhood in Yonkers. The \$42.1 million project, to be known as Warburton Avenue Apartments, is a public-private partnership that will transform the corner of Warburton and Point from vacant land and buildings into a vibrant senior community, officials said.

Located at 321 Warburton Avenue, Warburton Avenue Apartments will offer eight senior apartments targeted to seniors earning no more than 30 percent of area median income (AMI), 15 apartments targeted to 40 percent AMI households, 55 apartments targeted to 60 percent AMI households, and 15 apartments targeted to 80 percent AMI households. The six-story, mid-rise building will consist of an overall unit mix of 36 studio apartments, 57 one-bedroom apartments, and one two-bedroom apartment reserved for an onsite superintendent. The apartments will incorporate technology and amenities to create a state-of-the-art senior, 62 and over, community. A total of 15 units will have a preference for individuals with mobility, visual and hearing-impaired special needs, officials said.

The project is expected to create approximately 140 construction jobs over the 24-month construction period, and approximately two new permanent jobs upon completion of construction. The start date is May, with completion scheduled for September of 2023. The project developer is requesting a sales tax exemption of \$976,250 and a mortgage recording tax exemption of \$480,000, officials added.

"The city has been assembling abandoned and tax delinquent parcels on this block for many years, and we are now able to combine those city-owned parcels with the developer to transform a blighted block into one that will provide more quality affordable housing for our working families," Mayor and YIDA Chairman Mike Spano said.

Plant Manor

The Plant Manor LLC, a New York based development company, is proposing to transform The Manor, a private estate of a Gilded Age copper baron built in 1912, into a 70,000 square-foot, eco-chic venue for weddings and celebrations; professional events; and film, photo, and audio production. Accompanied by 25 guest rooms, The Manor will serve as the sister property to The Plant, just a seven-minute drive away, and open in the fourth quarter of 2023, officials said.

Plant Manor acquired the property and has worked closely with the City of Yonkers and the State Historic Preservation to complete Parts One and Two of the Nation Parks Service Historic Preservation Certification to achieve Historic Tax Credits, officials added.

Officials said the property, which is at 1097 North Broadway, consists of approximately 6.5 acres and contains four structures: Alder Manor will be restored. Bosch Hall, a non-historic building partially demolished in 2019, will be renovated into the Cliff House, a modern event space. The final two structures - a small chapel and an even smaller detached cottage - will undergo exterior envelope upgrades. The site will be upgraded with new parking, lighting, and landscaping.

The \$48.6 million project is expected to create 100 to 200 construction jobs and 30 full-time jobs. The start date is May, with completion scheduled for September of 2023. The project developer is requesting a sales tax exemption of \$1,952,500 and a mortgage recording tax exemption of \$457,773.

It should be noted that the YIDA action is a financial inducement only, and that in order to begin construction the project must complete the land use process with the City Planning Board, as well as reviewed by the Department of Housing and Buildings, according to project spokesmen.

1969 Central Park Avenue

In other business, the IDA Board voted final approval of financial incentives for the development of a five-story, 91,181-square-foot self-storage facility above 5,815 square feet of ground-level retail space on a site at 1969 Central Park Avenue. The \$15.8 million project will also include charging stations in the parking lot for Electric Vehicle (EV) cars. It is estimated that the project will create and retain eight full-time jobs, 12 part-time jobs and 35 construction jobs. The applicant, 1969 Central Park Avenue LLC, was approved for a sales tax exemption of \$948,294, a mortgage recording tax exemption of \$236,520 and a 15-year PILOT. Construction is expected to take 14 months, officials said.

The Cooperative and Condominium Advisory Council (CCAC) Is Continuing Its Consistent Advocacy Efforts, Continued from P. 1

as a form of Affordable Homeownership. Interested CCAC members actively participate in this advocacy in meetings with legislators, at public hearings and campaign fundraisers and in Online Campaigns targeting key legislation.

The CCAC has also advocated for the creation of new Co-ops, giving testimony during the recent state budget hearings in support of the Governor's Limited Equity Co-op Community Controlled Housing Initiative, focusing on Mitchell-Lamas.

We frequently collaborate with our New York City counterparts to amplify our message to state and federal officials that as small, non-profit organizations, governed by elected volunteer shareholder owners, with breakeven budgets and revenue entirely dependent on the reliable Maintenance Payments of shareholders, Co-ops need their support. We ask our lawmakers to include Co-ops in helpful housing legislation that often overlooks us, to exclude us from misapplied Landlord/Tenant Laws, and to lift the heavy hand of regulation that threatens our financial stability and operational integrity.

We invite all Westchester County Co-ops to join the CCAC as members in this critical advocacy during the important 2022 election year. And, we remind Condos in our region that we are also advocating for them on a regular basis.

Co-ops and Condos which are not members of the CCAC can obtain further information about our organization by visiting buildersinstitute.org. Simply hit the About and Realty Council Links. Next, hit the CCAC link for a full summary on the Benefits of Membership in our association. Buildings can also contact Jeff Hanley, the BRI's Associate Executive Director, at (914) 273-0730 for Membership Information on the CCAC.

Yonkers IDA Votes Preliminary Approval of \$49.6M Mixed-Use Residential Building

YONKERS

The Yonkers Industrial Development Agency (YIDA) has voted preliminary approval of a \$49.6 million, 10-story mixed-use residential building featuring 76 affordable rental dwelling units and ground floor commercial space, officials recently announced.

Called St. Clair Residences, the project is located on parcels at 36-38 Main Street, 32 Main Street, and 1-3 Riverdale Avenue. The project site is currently vacant.

The building would consist of a total of 81,105 square feet. The ground floor of the building would be 9,741 square feet, including 3,071 square feet of commercial uses. The nine floors of residences would be a total 71,364 square feet. The project would contain a mix of units, including 12 studios, 36 one-bedrooms, 23 two-bedrooms, and five three-bedroom units. The units would be occupied only by persons whose annual household income ranges from 50 percent to 80 percent of the Westchester Area Median Income (AMI), officials said.

The project, officials added, is being developed by MacQuesten Development LLC through a related entity called St. Clair Development, LLC. The project is expected to create approximately 240 construction jobs over the 28 months-construction period, and approximately 20 new permanent jobs upon completion of construction in 2025. The developer is requesting a sales tax exemption of \$1,570,875 and a 30-year PILOT. The vote by the YIDA board was held at its Apr. 20 meeting.

"We applaud MacQuesten Development on this exciting and attractive residential building that will transform a vacant site into quality affordable housing in our downtown area that will create construction and permanent jobs," said Yonkers Mayor Mike Spano, who also serves as Chairman of the YIDA Board.

"Having access to good quality affordable housing is a right that every person deserves. I am proud to support this development along with the IDA and Mayor Spano because it will make a difference in downtown Yonkers," said Shanae V. Williams, Yonkers city councilwoman, District 1.

Established in 1982, the Yonkers Industrial Development Agency is a public benefit corporation that provides business development incentives to enhance economic development and job growth in the City of Yonkers, officials said.

Insurance Insights: Have You Checked Your Home or Building Insurance Replacement Cost Limit? With Historic Inflation, Now is Definitely the Time!, Continued from P. 2

to 4 percent Replacement Cost Limit Increases amounted to padding premiums (over-and-above any rate increases.)

Well, welcome to 2022! The following are quotes from various recent articles and publications written about inflation, material costs and labor costs, relative to home and building construction:

- ◆ "Building Materials Prices have risen 31.3 percent since January 2020." (Bureau of Labor Statistics 2/2022)
- ◆ "...construction costs went up by 17.5 percent... from 2020 to 2021, the largest spike...since 1970." (NBC 5 Dallas-Fort Worth 2/16/22)

which increases the time for a homeowner to return to the home; residents to return to a Condo, Co-op, or Apartment Building; or Owners/ Tenants to return to a commercial building. These delays drive-up insurance payments for (homeowner) alternate living expenses (e.g. temporary housing) or (commercial building) loss of business income (e.g. rents, association common charges, temporary office space, etc.). Longer Reconstruction Periods help explain why insurance rates are increasing, beyond just the impact of higher Replacement Costs.

Extreme Rebuilding Cost Increases, coupled with delays for completing repair and rebuilding projects,

"Now, more than any time in decades, it is important to discuss your Replacement Cost Limit for your home or building with your insurance broker or carrier."

- ◆ "Non-Residential Starts [Jan. - Feb. 2022] increased 39 percent over this time last year..." and "...skilled labor has become even more scarce, meaning construction projects are taking longer to break ground." (Engineering News Record, 3/22/22)
- ◆ "Job Opening Rates in the construction industry are higher than at any time in the last two decades." (Joint Center for Housing Studies of Harvard University, 1/24/22)
- ◆ "The price of softwood lumber...has jumped about 85 percent in just the past three months after the U.S. doubled tariffs on Canadian lumber and wildfires disrupted lumber production." (NBC 5 Dallas-Fort Worth, 2/16/22)
- ◆ "The Producer Price Index for Steel Mill Products is 74.4 percent greater than 12 months ago." (National Association of Home Builders (NAHB), 3/18/22)
- ◆ "Year-over-year, the prices of exterior and interior paint have climbed 30.3 percent and 21.2 percent, respectively." (National Association of Home Builders (NAHB), 2/17/22)
- ◆ "The cost of a top-of-the-line Sub-Zero Refrigerator was \$5,000 in 2000. In 2019 it was \$17,965. (Chubb-Reported Data)

It costs a lot more to re-build your home or building today than it did five years ago, or even one year ago. Insurance companies want your home or building to be insured for the proper current Replacement Cost, and to collect the corresponding premium. Also, if your home or building is under-insured for Replacement Cost, and you suffer a large or total loss, your claim payment may be reduced by penalty for being under-insured (if your policy has a co-insurance clause.)

In addition, due to Material Supply-Chain Delays and Labor Shortages, reconstruction may be delayed,

highlight the value of special policy terms provided by some homeowner and commercial carriers. They may offer "Guaranteed Replacement Cost," assuring that your home or building cannot be under-insured, even if the policies' Replacement Cost limit is less than the actual cost to rebuild.

Certain Homeowner Carriers (previously mentioned) provide Alternate Living Expense Coverage, in a home of similar kind and location, for as long as it takes to rebuild your home (versus other carriers, which restrict Alternate Living Expenses to a capped dollar amount of limited time period [e.g., one year]).

A Summation

In summary:

If your insurance carrier requires an increase to your Dwelling or Building Replacement Cost Limit, resulting in a premium increase, the increase may be well-justified, based on the data presented herein.

Insurance companies and brokers can provide guidance on proper home or building Replacement Cost Limits, but they are not builders. It is the Policy Holder's responsibility to confirm an adequate Replacement Cost Limit for the reconstruction of a home or building.

Now, more than any time in decades, it is important to discuss your Replacement Cost Limit for your home or building with your insurance broker or carrier.

If you have questions about your insurance policy Replacement Cost Limit, contact your insurance broker, or Levitt-Furist Insurance at (914) 457-4223.

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