

INDUSTRY STUDY:

New Home Sales Across the U.S. Rise to Their Highest Level of the Year

By Jeff Hanley, IMPACT Editor

WASHINGTON, D.C.

Sales of newly-built, single-family homes rose 6.7 percent in May to a seasonally adjusted annual rate of 689,000 units after a downwardly revised April report, according to a building and realty industry analysis.

The analysis, released on Jun. 25 by The National Association of Home Builders (NAHB), is based on newly-released data by the U.S. Department of Housing and Urban Development (HUD) and the U.S. Census Bureau. NAHB officials said that the data is part of the second-highest sales report since the Great Recession of 2008-2009.

"Sales numbers continue to grow, spurred on by rising home equity, job growth and reports of a greater number of millennials entering the single-family housing market," said NAHB Chairman Randy Noel, a custom home builder from LaPlace, La.

The analysis said that 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 May reading of 689,000 units is the number of homes that would sell if the current pace continued for the next 12 months, the analysis added.

The inventory of new homes for sale was 299,000 in May, which is a 5.2-month supply at the current sales pace. The median sales price was \$313,000, according to the analysis.

"We saw a shift to more moderately-priced home sales this month, which is an encouraging sign for newcomers to the market," said NAHB Senior Economist Michael Neal. "Since the end of the Great Recession, inventory has tracked the pace of sales growth. While we expect continued gains in single-family housing production, inventory may be partially constrained by ongoing price increases for lumber and other construction materials."

Regionally, new home sales rose 17.9 percent in the South to a post-recession high and remained unchanged in the Midwest. Sales dropped 8.7 percent in the West and 10 percent in the Northeast, the analysis said.

The 10 percent decrease in the sales of new homes in the Northeast did not surprise officials from The Builders Institute (BI)/Building and Realty Institute (BRI) of Westchester and The Mid-Hudson Region.

"As for our region, there is some activity in the development of single-family homes in certain sections of the Westchester and Mid-Hudson Region," said Albert Annunziata, executive director of the BI-BRI, a building, realty and construction industry membership organization with more than 1,800 members in 14 counties of New York State. "However, there are definitely sections of our region that are not seeing strong levels of activity on a consistent basis."

Annunziata added that the consistent negatives of the lack of land, anti-industry regulations and labor shortages are among the factors that continue to prevent the development of much-needed single-family housing.

Grant Funding Available for Clean Water Infrastructure Projects

ALBANY

The New York State Department of Environmental Conservation (DEC) has announced that \$275 million in grant funding is available to municipalities with infrastructure projects that protect or improve water quality and/or public health.

The funding, available through the Water Infrastructure Improvement Act and the Inter-Municipal Water Infrastructure Grants Program, is part of the state's historic \$2.5 billion Clean Water Infrastructure Act of 2017.

Grant applications and additional information are available and must be submitted along with any required supporting documentation to: NYSWaterGrants@efc.ny.gov by Sep. 7, 2018.

The Annual Golf Outing of the BRI Scheduled for Oct. 9

By Jeff Hanley, IMPACT Editor

BEDFORD HILLS

The Building and Realty Institute (BRI) recently announced that its Annual Golf Outing has been scheduled for Tuesday, Oct. 9 at the GlenArbor Golf Club in Bedford Hills.

BRI officials said that the fee per golfer is \$350 (for BRI members). Non-BRI members will be charged \$400.

The outing's schedule is as follows:

- * 10:30 a.m., Registration
- * 11 a.m., Lunch
- * 1 p.m., A Shotgun Start
- * 5:30 p.m., Cocktails and Dinner
- * (A Floating Green Competition Will Be Held During Cocktails)
- * 6:30 p.m., The Event's Raffle

BRI officials also announced that a series of Sponsorships for the outing are available:

- * Event Sponsor, \$2,000
- * Dinner Sponsor, \$1,000
- * Cigar Roller Sponsor, \$777
- * Golf Cart Sponsor, \$600
- * Lunch Sponsor, \$500

- * Floating Green Sponsor, \$444
- * Cocktail Hour Sponsor, \$400
- * Tee Sponsor, \$200

"The reaction to last year's outing at GlenArbor was highly positive," said Albert Annunziata, executive director of the BRI. "We are looking forward to another tremendously successful event."

Jane Gill, controller, BRI and Margie Telesco, office manager, BRI are the coordinators of the event. Gill and Telesco said that full details on the outing will be mailed to BRI members in the weeks ahead. Questions on the event can be directed to jane@buildersinstitute.org, or to margie@buildersinstitute.org.

The BRI, also known as The Builders Institute (BI), is a building, realty and construction industry membership organization. The association has more than 1,800 members in 14 counties of New York State. Those members are involved in virtually every sector of the building, realty and construction industry, association officials said.

Counsels' Corner

Reviewing the Key Points of Cooperative Interviews



Ken Finger



Carl Finger



Dan Finger

By Kenneth J. Finger, Esq., Carl L. Finger, Esq. and Daniel S. Finger, Esq., Finger and Finger, A Professional Corporation, Chief Counsel, Builders Institute (BI)/Building and Realty Institute (BRI)

WHITE PLAINS

The topic of interviewing prospective shareholders for Cooperatives has been presented several times at membership meetings and seminars of the Cooperative and Condominium Advisory Council (CCAC) of the Building and Realty Institute (BRI).

Nonetheless, it is an important topic that we are constantly asked questions about. How to conduct an interview, what questions should be asked and what topics to avoid are items that we are asked about.

While this is generally a topic for Cooperatives, Landlords can look to these suggestions for some guidance, as well. It is, however, important to keep in mind that Landlords have additional restrictions, such as Source of Income Restrictions, as well as possibly Emergency Tenant Protection Act (ETPA) restrictions that they must adhere to.

Specifics

What are the key items for boards when interviewing prospective shareholders? How to know if these folks are for your building? There are no hard and fast rules, except not to discriminate based on protected classes. Beyond the basic financial criteria as determined by each board, i.e., minimum down payment and percentage of income that goes to mortgage and maintenance, the Board of Directors can look at any number of issues.

The interview can be used to explore any financial issues that need to be clarified from the application package, such as "cash business income," which is not reported on tax returns, or where the down payment is coming from if not reflected in assets. The other issues are not so easy. The discussion of some scenarios may help to clarify the subjects and the manner of questioning that may apply.

Steps

Before the Board of Directors can interview a potential candidate - or even decide on whether to interview the candidate - the prospective shareholder must submit a complete application that answers all appropriate questions, including all required documentation, references and background checks. The Board of Directors should consult with its attorney and have its attorney review the application to make sure that none of the questions in the application are, in any way, unlawfully discriminatory.

Once the Board of Directors has received and reviewed the application, the Board of Directors must determine whether the prospective shareholder is qualified under the criteria set by the Board of Directors to purchase the shares. It is important that the criteria used by the Board of Directors are not discriminatory and that the Board of Directors applies the same criteria to all prospective shareholders that apply to purchase shares and units.

If the Board of Directors decides to make a change to the criteria, the Board of Directors should make the change a global one and apply the new criteria to all future prospective shareholders. This avoids confusion and claims of discrimination. Again, the Board of Directors should review the criteria and policy with its attorney to ensure that it is not discriminating or using discriminatory policies.

At this time, the Board of Directors can decide whether or not the candidate's application is suitable for an interview. If, however, in reviewing the application the Board of Directors does not feel that it would approve the purchase, then it should not conduct an interview. This limits potential discrimination claims.

The Important Process

Assuming that the candidate is approved for an interview, the interview is scheduled and conducted. The interview may be attended by some, or all, of the Board of Directors at the discretion of the board. Frequently, the Board of Directors delegates the interview process to a committee made up of members of the board. It is always a good idea to make sure that there is more than one board member present to ensure against any subsequent allegations of discrimination or improper questioning at the interview by the member of the Board of Directors. There are several goals for an interview - reviewing the application to confirm that there are no discrepancies and clarifying any minor discrepancies that do exist. It is also important to try and get to know the prospective shareholder on a more personal level (again, without asking questions that could be construed as discriminatory).

There are no hard and fast rules on exact questions to ask a prospective shareholder in an interview, other than do not discriminate against a protected class. If there are specific rules about the building ("A No Pet Rule," for example) you can ask them if they understand the rules and have any problems with those guidelines. If the prospective shareholder has specific hobbies or an occupation that will carry over into their home (i.e., a professional musician, like a violinist), you can ask questions related to those issues.

Some other topics for inquiry may include:

- ◆ The proposed occupants of the unit;
- ◆ The reasons for choosing the area/neighborhood;
- ◆ Whether or not the prospective shareholder has any questions.

An Important List

Listed below are questions that may be appropriate to ask a prospective shareholder/resident:

- ◆ Have you had your own apartment before?
- ◆ Why did you leave your previous residence?
- ◆ Do you get along well with the residents in your previous residence?
- ◆ How were you referred here?
- ◆ Have you ever been evicted? If yes, please explain.
- ◆ What is your primary Source of Earned Income?

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Welcomes its Newest Members

The Builders Institute (BI)/
Building and Realty Institute (BRI)

16 North Broadway
Owners, Inc.
c/o The Ferrara
Group, Inc.

Baron Design, Inc.

Campbell Design
& Construction, Inc.

Dorf & Nelson, LLP

Dynamic Solar, LLC

F.C. Freyvogel
and Co., Inc.

Levien & Company, Inc.

Optimum by Altice

S.R.S. II, Inc.

Studio Architecture

TD Bank

Technical Comfort Corp.

Mutarelli Receives Capital One Pinnacle Award

By Jeff Hanley, IMPACT Editor

WHITE PLAINS

Capital One Bank recently announced that Vincent Mutarelli was awarded with its prestigious Pinnacle Award. Mutarelli has now received the award for eight consecutive years, Capital One officials said. The award is given to banking partners who demonstrate expertise and tireless commitment while assisting small business owners in helping to achieve and surpass their business goals, Capital One officials said.

Mutarelli has been a Senior Vice President/Director Level at Capital One Bank since July of 2003. As a business banker for Capital One Bank for small businesses, his role is to be the advisor to his clients and to prospects as it relates to Banking, Credit, Treasury Management, Merchant Processing and other products and services that the bank offers. His demographic focus is the Bronx, as well as Westchester County and Rockland County. He is also able to service and support businesses anywhere in the tri-state area.

Capital One officials said that Mutarelli has a demonstrated history of working in the financial services industry. He is known for his skills in Commercial Lending, Banking, Credit Analysis, Treasury Management, Merchant Services and Credit Cards. He holds a Bachelor of Science (B.S.) Degree from Rutgers University that is focused in Economics and Business Management, Capital One officials added.

Mutarelli is the 2018 President of The Builders Institute (BI)/Building and Realty Institute (BRI) of Westchester and The Mid-Hudson Region, one of the largest business membership organizations in New York State. The association has more than 1,800 members in 14 counties of New York. Those members are involved in virtually every sector of the building, realty and construction industry. Mutarelli is also a member of the BI-BRI's Board of Trustees. He has served the BI-BRI as Chairman and Vice Chairman of its Commercial Builders Advisory Council (CBAC). He has been a member of the BI-BRI since 2006, association.

A resident of Westchester County, Mutarelli is known for his volunteer efforts. He has worked with The Food Bank for Westchester since January of 2010. He also has worked with Junior Achievement of Westchester since January of 2009. Mutarelli has also served as an Ambassador for The Business Council of Westchester (BCW) since January of 2008. His role in that capacity is to be assigned to a number of new BCW members who join the council throughout the year and act as a point contact to those members, informing them of the many services that the BCW has to offer, Capital One officials said.



Vincent Mutarelli

Counsels' Corner: Reviewing the Key Points of Cooperative Interviews, Continued from p. 3

- ◆ What is your Total Household Income?
- ◆ Have you ever been convicted of a crime? If so, please explain.
- ◆ What would you do if a neighbor was causing a disturbance in the building?
- ◆ Have you ever been involved in a community group or done volunteer work? If so, please explain.
- ◆ Do you have any skills that would benefit the cooperative?

Suggestions

We recommend that when you schedule the interview, you ask that all prospective occupants (other than minor children) attend.

As an additional reminder (in case there is any ambiguity), the protected classes include: race, color, religion, creed, national origin, alienage, citizenship, gender, sexual orientation, marital status, age, military status, and disability (and in New York City, occupation). Do not ask any questions that involve any of those topics, or could be construed to involve any of those topics. If you have any doubt, consult your attorney.

Editor's Note: The authors are attorneys with Finger and Finger, A Professional Corporation. Finger and Finger, based in White Plains, is Chief Counsel to The Builders Institute (BI)/ Building and Realty Institute (BRI) of Westchester and The Mid-Hudson Region (BRI). This article originally appeared in the Sep. 2013 issue of IMPACT. It is being republished due to its popularity.

A Question and Answer Session, Membership Director to Building and Realty Institute (BRI) Member!

By Maggie Collins, Director of Membership
Building and Realty Institute (BRI)



A Profile of Justin DePhillips, General Manager of The Poughkeepsie Office of Tradesmen International

What are the origins of Tradesmen International?

Joe Wesley, an electrician, created his own Limited Liability Corporation (LLC), RIC Electric, the acronym for "Residential Industrial Commercial" Electric. Joe was doing residential wiring exclusively, but knew he wanted to become a large electrical contractor. RIC Electric became a very successful company. In 1990 he bid on an industrial project at the NASA Glen Research Center at Cleveland Airport. Realizing he didn't have the staff to support the project for the price he bid, Joe started thinking about large electrical companies in the area that might have electricians who were qualified to run wiring. Then he approached NASA directly and proposed to take some of their people onto his staff. He would pay them for their time and deliver the project under budget.

Fast forward a couple months in late 1990, the project is done, and Joe clearly realized the benefit of using labor on an as needed basis and how it could really work. Since he'd been more profitable than expected, he wrote a business plan the same night for what would become Tradesmen International. About a year later he created the company, Tradesmen International (TI).



Justin DePhillips

You've described the business model as 'unique.' How so?

It is, and it isn't. We have field employees who are our employees. They earn benefits, medical coverage, access to 'perks' at work for discounts. They come into the office everyday either looking for work or just to see what kind of work is available. It's similar to how a union hall works, and perhaps how a temp staff agency works. We occupy a very comfortable middle ground between the two.

Joe built the company up slowly through the 90's. During the economic boom in the mid-2000's the company went from a decent size successful business with 80 offices to 120 with an infusion of private equity investment in 2011. Their plan was growth with a commitment to improving technology and capitalizing on what TI was already doing. In late 2016, the Blackstone Group approached Tradesmen with a purchase agreement and took them from 120 offices to a goal of 200 nationwide by 2020. Presently we have 160. We are growing at an exponential rate exceeding \$750 million for 2018 with a target of a billion in revenue by 2020. It's exciting to be a part of such an amazing growth plan.

How many people in what trades comprise the Poughkeepsie office?

Presently, we have 34 field employees - 12 electricians, 6 carpenters, 8 plumbers, 2 iron workers, 2 heavy equipment operators and 4 general laborers. By the end of September, we will have 50 field employees.

How do you perceive the labor shortages from your vantage point?

It has helped our business grow because our entire premise is supplying licensed contractors with skilled trades people. The business model is predicated on being able to recruit and hire those skilled trades people. We have a massive recruiting arm in our corporate office. There are one million field employees in our database nationwide so, a million field employees have inquired in some form or another to work for TI. Obviously, we have access to many people. And we operate, strenuously, looking for skilled trades people every day.

Who is your Client base?

Our clients range from large contracting firms with numerous operations nationwide or small mom & pop residential home builders. With 160 offices open nationwide right now, large firms with multiple projects in several cities and states benefit with access to multiple offices that will provide skilled tradesmen. A small home builder, electrical contractor or painter may benefit by having a supplement to their workforce. We do the walkout, make the introduction, sign the safety paperwork. We have some large companies, mostly electrical contractors who work in the Hudson Valley and in Westchester.

What's the HV outlook?

It's impressive. The Hudson Valley is ripe for massive growth. In the last 12 months there have been 900 apartment closings. There is \$700 million dollars in new construction investment on paper, wrapping up and coming to market in Poughkeepsie right now. It became an area where investing to build equity was smart and people began moving in. There are many colleges and people are well-educated. New construction in Newburgh is very substantial. Beacon is another bright spot. We are receiving inquiries from firms from all over the country looking to come to this specific area in the Hudson Valley. They are interested in doing projects and asking for help. I'm fulfilling an order in Kingston for an account that originated in Provo, Utah. I've received inquiries from D.C.

And, finally, tell us about your path to TI and your responsibilities.

I am the General Manager of TI's Poughkeepsie office. I'm from Scranton (Penn.). My brother and I were encouraged to attend college beyond the 100-mile circumference so I went to Hofstra University which is a very different place than Scranton. It expanded my cultural universe, all to my benefit. After college, I worked for my father's construction business, eventually taking on the position of Director of Sales. My father was President of the Building Systems Council of The National Association of Home Builders (NAHB). I had great exposure to building and construction

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