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President's Message

Home Building Industry Day at the Capitol is April 6.

Are you registered?

One of the most important services members get for their dues is our government affairs program. The State HBA was formed with the primary function of legislative oversight and representing the needs of the members in the five locals. Any proposed legislation is reviewed for its impact on our building and business activity by staff and the State Government Affairs Committee. At regular committee meetings with Bill Ethier and HBACT lobbyist T.J. Casey, a former State Rep, participants from the local associations discuss implications and appropriate responses to proposed statutes. The committee is also responsible for initiating proposals that would correct an adverse condition of the members' business or the public's housing needs. Members testify at public hearings and work in coalition with regulatory agencies and other groups of common cause. It is common for legislators to seek Bill's counsel when legislation is proposed.

On Building Industry Day we all come together to put numbers behind the hard work of the government affairs committee. The day is really user friendly. At 8:30 we meet for coffee while Bill provides us with a focused and prioritized list of the bills needing attention. He gives background and 'talking points' for member advocacy. Then we'll go individually or in groups to meet with legislators and, afterwards, get together for a wrap up luncheon. You're out of there by 1:15 pm and you had a morning where you really made a difference.

Thomas Jefferson said, "America is not governed by the majority, but by the majority of those who participate."

You need to realize legislators are ordinary people just like you. Legislators do listen to their constituents (that would be you) and try to make the best decisions possible. If you don't make your views heard, then they'll make decisions based on the views of others and their own experiences. With literally thousands of bills before them, lawmakers may know little about your issues and your concerns on bills before the legislature. They may have formed no opinions at all and may have taken no position on bills of concern to you. Just being present at the Capital and speaking with your representatives may help them to now make an informed decision on which way to vote.

Across the country, and across the world, grass roots organizations are reshaping the political landscape. Don't miss this opportunity to get to know your state senator and representative and tell them how your business will be affected by their actions!

We are the voice of the building industry in Eastern Connecticut. Bring your employees, subcontractors and vendors with you. It's important to show legislators how many jobs are connected to the housing industry. Contact me and we can see who is available to carpool.

Remember, Government Affairs is what we focus on as an association. I'm calling on each one of you to make the commitment to attend the morning at the Capital. Who's with me?!! A summary of the major issues and details about the day are on page 6 of this issue. Registration forms for Home Building Industry Day are available at www.hbact.org

Warm Regards,

Chad J. Whitcomb, BAEC President
President / BPI Building Analyst I / CGP
The Greensulators, Inc.

Get into Gear For BAEC's 2011 House of the Year *The Builder Challenge:*

**Affordability!
Sustainability!!
Great Design!!!**

All packed into less than 1,600 Square Feet

We hear it all the time. Our children are leaving Connecticut because they can not afford to live here. Consumers want Green. But they don't want to pay for it.

So how can we provide our working families with a home that is affordable and yet energy efficient and functional for a growing family? Affordable Housing is defined as living space that costs no more than 30% of a family's income who earn 80% of the median income for their area.

This is today's Builder Challenge and our team of **Andy Gil, Chad Whitcomb, Paul Stone, Nort Wheeler, and Tim Applegate** has stepped forward to accept it in a demonstration project that will also raise funds for our association's operations.

Join Our Team Showcase Your Company and Our Association in this BAEC Home Show in a Home!

Participants receive exposure in the association's newsletter, on our website, in Connecticut Builder Magazine, local newspapers and during the public open house.

Contact Our House of the Year Committee Members to Learn How You Can Participate

Andy Gil, Erik's Design/Build, Chair

213-0487, andy@edbhomes.com

Chad Whitcomb, The Greensulators

213-0486, chad@thegreensulators.com

Paul Stone, Lombardi Inside/Out

912-7900, pstone@llombardillc.com

Nort Wheeler, Mystic River Building Company

608-3190, nortonw@mysticriverbuilding.com

Tim Applegate, New London County Landscaping

608-2866, tim@nlclandscaping.com

Products and services incorporated into the design and building of the House of the Year are chosen at the discretion of the House of the Year Committee.

BAEC to Offer EPA Certified Lead Renovator Training

**March 29, 2011
8:00 AM - 5:00 PM**

Bozrah Moose Lodge
115 Fitchville Road
Bozrah, CT 06334



This training is required by the EPA to any contractor, employee of a contractor, painter, maintenance worker, or anyone that disturbs more than 6 sq ft interior or 20 sq ft exterior of painted surfaces in any way, in homes, schools, apartments or child care facilities built before 1978.

The deadline for enforcement of the EPA Lead RRP rule is now in place. A fine of up to \$37,500 could be assigned to your company if you are not in compliance with the EPA Renovation, Repair and Painting rule.

The cost is \$200 for BAEC members and \$225 for non-members. No Walk-ins allowed. Call 860-859-3518 for information and registrations. Registration and payment must be NO LATER THAN March 25, 2011. Call the BAEC office for more information or to register.



Connecticut's Greg Ugalde Elected NAHB Area One Chairman

Congratulations, Greg! Contact Greg at greg.ugalde@tandm.com to solve all of our problems on the hill. Get 'er done!

Give the Gift of Education to the BAEC Membership

We're planning to bring a season of outstanding speakers for our monthly membership meetings. Help us make our meetings a success. Sponsor a speaker! Call the BAEC office to get our wish of industry experts!

Thank you,
Jim Williams,
T. F. Buxton,
Networking Committee Chair

**IT'S GOOD BUSINESS
TO DO BUSINESS
WITH A MEMBER!**



Education and Training



Green up your training

Green Building For Building Professionals

April 20 & 21, 2011

9:00 a.m. – 5:00 p.m.

HBA of Hartford County Office

Course Fee: \$450 HBA Members

For more information or to register contact Pam at the HBA office at 860.563.4212 or email her at pam@hbahartford.com



NAHB Launches New Version of NAHBGreen Website

Comprehensive green building information is available at NAHB's revised www.NAHBGreen.com website.

The newly redesigned website combines the educational resources of NAHB with information about the NAHB Research Center's green building certification program. The most updated information about green building techniques, educational programs, best practices and the National Green Building Standard can be found at www.NAHBGreen.com.

"NAHBGreen is an outstanding resource for builders and consumers to learn more about green building and the National Green Building Standard," said Kevin Morrow, director of NAHB's green building program. "The overall look of the website has changed considerably. It's now much easier to navigate and to find the things you're looking for."

Key aspects of the site include an overview of green building, a section on educational opportunities and detailed information about ICC 700, the National Green Building Standard. It also offers comprehensive information about the Research Center's green certification program, including the green scoring tool that enables a builder to determine just how a home under construction rates under the National Green Building Standard.

"The website redesign makes it easier for all audiences that want to learn more about green building to find the information that meets their needs," Morrow said. "We hope people will visit the site and give us feedback."

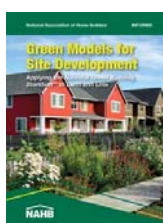
Tabs on the landing page lead users to key areas:

- Green building overview
- Educational resources
- ICC 700 National green building standard
- About the NAHB Green program

Other quick links lead users to information about the Research Center's certification and green scoring tool, as well as information about the National Green Building Conference and NAHB's Certified Green Professional designation program.

"New tabs will make it easier for users to find the information they're looking for, whether it's specific to NAHB's role in education and advocacy or something about the certification process," Morrow said.

For more information, call Kevin Morrow, at 800-368-5242 x8375



Webinar

"Green Models for Site Development," will walk builders and developers through the process and provide guidance on how to gain green certification for lots and site through the National Green Building Standard.

Wednesday, April 20, 2011

2:00-3:30 PM EST

The flat webinar fee is \$21.95 and members will receive one-and-a-half hours of continuing education credit toward their NAHB professional designation.

To register, visit www.nahb.org/builderbookslive. Registrants will receive e-mail confirmations.

For more information, e-mail Patricia Potts, or call her at 800-368-5242 x8224.

National Green Building Conference & Expo

May 1-3 | Salt Lake City, UT

**MAKING
THE VALUE
CONNECTION**



REGISTER NOW

**Tour the exhibits, connect with peers,
and get the education you need to succeed!**



**Comes to Rhode Island
March 25-26**

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to register**

62ND ANNUAL ATLANTIC BUILDERS CONVENTION APRIL 6-8, 2011

BREAKING NEW GROUNDS AT the

ATLANTIC CITY CONVENTION CENTER, ATLANTIC CITY, NEW JERSEY

**For more information or to register,
go to www.abconvention.com**

Building Leaner Could Be a Matter of Survival in Challenging Housing Market

In a housing market that is beginning to show some signs of life and an economy that continues to challenge consumers, lean building methods are the way to go for builders who need to gain better control over their construction costs, Scott Sedam, president of TrueNorth Development, said at the NAHB International Builders' Show in January.

The savings can be dramatic.

Over the past four years Sedam's company has facilitated 65 implementations of the lean building approach. More than 700 builders and 1,400 suppliers and trades have been enlisted in that process.

Using a highly structured process, more than 10,000 suggestions for building more efficiently have been considered.

For the most part, lean building hasn't been taken seriously by the housing industry, but a brutal housing downturn that has decimated the ranks of U.S. builders by as much as 50% to 60% could be the opportunity that brings it to prominence.

With factory capacity down as a result of the recession, adding an even greater sense of urgency will be impending product shortages which, along with serious labor shortfalls, could be only a year and a half or so away, he added.

"A minimum of \$1 out of every \$3 spent in product and process is waste," said Sedam, including 15% to 20% in wasted materials and another 20% to 25% wasted in the building process.

"Product waste is far easier to identify, quantify and eliminate than process waste," he said, because "the product is tangible." But "for every \$1 you find in product, you will find \$1.50 in process."

For instance, he estimated there are 50 unnecessary trips to the average house from the 30 to 40 supply and trade companies that typically come onto the construction site. At an average cost of \$200 per trip, that pencils out to \$10,000 worth of unneeded visits.

"Lean design is a highly structured process," Sedam emphasized, "and it can't be done informally." An ad hoc approach may yield 10% to 15% in savings, but "a year later you still are working on the same problems."

Among the many principles of building green:

"For the largest profit, use the smallest possible number of suppliers and trades," he said. "Sole sourcing can be remarkable, but you have to have the absolutely right trade to work with."

Each extra trade drives up the complexity of the job exponentially, he said.

Be wary of the lowest bid because it rarely results in the lowest cost. State workers comp insurance payments are

worth ferreting out, he said, because the trades who are paying the lowest premiums tend to be the safest, and that is a predictive factor in the quality of their work. "Accidents cost you more," he said.

Measure the process, in close to real time. If the amounts of time involved are "all over the map, it really tells you something," Sedam said. "It should take the same number of days no matter what you build. Build them on the same schedule, build them all fast, everything is predictable."

At least monthly, audit the materials that are dropped off at the site.

"You need to audit things," he said. For example, problems with cracking concrete can be remedied by recording the temperature and slump rate of the material when it is delivered. "It takes three minutes. Write down the measurements, give a copy to the driver and send it to the concrete company. Whether it is a good temperature or not, they know you are paying attention."

Avoid backcharges, which "are a poor substitute for good management."

He cited the example of a company that produces 500 units a year that had no backcharges in 2010 because it was able to manage the process.

"You need to have the right suppliers and rates and the right people managing them," he said.

Backcharges cost money, create a "he said, she said" situation and instigate consternation and arguments. "Continual backcharging is indicative of problems in the company, and it creates ill will and problems."

Monitor how materials are being used because waste is rampant everywhere, in concrete, wood, engineered wood, brick, block, siding, roofing, et. al.

In a 1995 study of lumber usage, construction management students measured every board inch of material that went into comparable homes in Chicago and Detroit. The yield on the wood in the Chicago home was 85.1%, compared to 74.9% in the second home, a \$1 million difference in value between the two.

"Measure the yield on the lumber that goes into your house," he advised.

Avoid high-sided dumpsters, and at least use ones with low sides. "They actually create waste, they bring things in," he said.

Sedam said he had participated in an exercise in which 30 workers emptied out a 30-cubic foot dumpster on the site, sorted the contents and found \$1,600 worth of usable materials. >>

Builders need to count their process numbers. The wasteful cutting of drywall is a prime example. Excluding the garage, builders should determine the sheetrock ratio of their homes, the installed square feet of material divided by the square feet of the living area.

"There will be differences and where the ratio is higher, builders should look for ways to bring it down. "Look at how you are doing the design," he said. The difference in the drywall needed for a 12' square bedroom versus a room that is 12', 2" can represent \$500 in savings.

Also, "look at the ratio of the amount of board purchased over the amount of board actually installed in the house," and find ways to reduce the waste.

Spend time and money on getting the plan right up front because 50% of waste in product and process is designed into the house.

Construction drawings should be site-specific and fully detailed. "With today's technology, not having great plans is inexcusable," and it ends up costing significantly more in expenses. "Fully detailed plans pay off 50 to one, 100 to one," he said.

Hardly anyone does it, but a post-construction review and analysis with suppliers and trades "is essential," he said. "Look at how to improve the plan and take waste out of it. Do every house individually before the drywall."

Sedam also told builders that they need to keep in touch with their customers through the sales staff. "You have to have feedback about what the customer wants and will pay for."

Builders also need to keep in mind that "dumbing down houses, making them ugly and hard to sell, is not lean. Lean is about value."

Covering Design Costs Melanie Hodgdon •

There's always been a great debate amongst remodelers as to whether to provide free design services in order to get the opportunity to bid upon a job.

But Melanie Hodgdon insists that whatever costs are associated with design have to be covered by sales. That either means that every drawing produced must be sold, or that the cost for supporting the designer must be covered within overhead, in which case the cost will be covered within the markup applied to the estimated costs for all jobs. Remember, those big box stores are covering their designers' costs within the markup on every single stick or screw the public buys.

Your choice is to sell design work or not. Remember that unless you outsource your design work, you must cover your designer's cost regardless of whether or not s/he's producing salable work for you.

Crediting back the design cost

Customers can pretty easily understand the logic in your offering to apply the cost of the design to the job if they decide to go ahead with production. That can be an effective sales tool. But, don't forget that if you collect money for the design work, and then "give it back" during production, you'll still end up with a net amount of zero to cover the designer's costs. Therefore, you will need to allow for the design work to be covered within the markup.

Understand what you're selling

Big box stores focus on the footprint for which they want to sell product. They're not interested in integrating the kitchen with the rest of the house. Designers and architects tend to focus on the design rather than the "sweet spot" between a really cool design and the cost of producing it. This is at the core of many architect-contractor disputes. Also the addition of a separate designer creates the third point of the customer/contractor/designer triangle that can introduce inefficiencies

and an additional communication barriers.

- The only way you can differentiate yourself is to emphasize your ability to give them both a different experience and a different result from what they get at the big box store, from a competitor, or by securing the services of a separate designer/architect.

Nuts and bolts of selling design

If your business model considers all design costs to be strictly overhead, the cost of your designer will be covered within the markup applied to all production jobs. Sometimes contractors who do the design work themselves are already in a mindset in which their time is "free." If so, it may be helpful to instead imagine that all design work must be subbed out to a designer or architect. Considering that you must compensate them for their work whether or not you sell the project, does this make you feel differently about giving away designs?

If you want to sell your design work, it should be sold as a separate contract and priced to cover the costs of the design work, plus the design project's fair share of the company's overhead and profit.

Should you be selling design work at all?

The concept of design/build has become very popular. On the face of it, there's much to be said for integrating the design process with the construction process. But if your qualifications for offering design work consist of your ownership of CAD software and a good eye, be very clear with the client about your limitations. Don't oversell your capabilities. Maybe a partnership with a qualified designer or architect with whom you have a good relationship would work better for you. You can still offer design/build, but with the safety net of not having to support a design who isn't designing full time.



HBA of Connecticut News

Capitol Update:

While members are preparing to come to the Capitol for Home Building Industry Day, HBACT staff is at the Capitol each day tracking more than 200 bills and meeting with legislators and their staffs. This year the HBACT proposed 10 bills that are still active, is supporting many more, and opposing or watching dozens. Members have been increasingly active this session, and are making a real difference. Here are just a few examples:

Bob Fusari, Sr. testified at the public hearing on House Bill 6378 Mandatory Fire Sprinklers, explaining to the committee that most fires occur in older homes, so requiring fire sprinklers in new homes will not address the real issue. Bob and Bill Ethier, HBACT's CEO and in-house lobbyist answered many questions from members of the Public Safety Committee, providing balance to testimony from local fire marshals.

Johnny Carrier, Tom Daly and Bill Ferrigno testified at the public hearing on Senate Bills 824 & 825, which fix the STC and DOT permit processes. In addition, **Bob Fusari Sr., Chris Steiner and Bob Wiedenmann** submitted letters to the Transportation Committee detailing their experiences with the STC. As a result of their testimony, a DOT is working with HBA to redraft the bill and improve the process. For those of you who think you can't have an impact on the process, talk to these members!

Senate bill 931 would have changed the definition of hoisting equipment and repealed the residential exemption for 3 stories or less, however, Bill Ethier asked members to con-

tact their legislators to explain the impact this bill would have on their businesses. Many members made phone calls to their legislators, and that grassroots effort, combined with testimony provided by **Bill Ferrigno and Greg Pinto** at the public hearing, caused the Public Safety committee chair pulled this bill.

There are many bills still pending that will need your attention in the coming weeks. Once again Senate Bill 832, the **100 foot buffer next to all wetlands and watercourses is back again**, along with a bill to **authorizing municipalities to regulate tree removal**. To find out what's happening at the Capitol, add your name to the distribution list for Government Affairs e-mail alerts by sending a note to jhoerner@hbact.org. You'll receive regular e-mails, and some alerts that may ask for a quick response by providing information or expertise to help Bill react to a rapidly changing situation at the Capitol.

You can also go to www.hbact.org, click on "Government Affairs" at the top left, and scroll down to "State Govt Affairs News & Updates." Take the time to read the information and contact your legislator. Tell them how the decisions they make will affect your business, and remind them that the homebuilding industry creates jobs. **Building 100 new homes creates 324 new jobs and generates \$8.9 million in taxes, fees and charges paid to government.**

We look forward to seeing you all at the Capitol on April 6!

HERE'S WHAT WE NEED YOU TO DO:

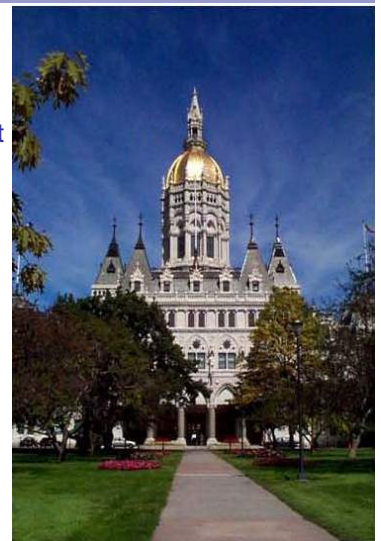
1. Register for HBID
2. Contact Ev/Nort or the BAEC office to let them know you are attending, and whether you'd like to meet area legislators as part of a group of BAEC members, or if you want to meet individually with your legislators. If want to meet individually, please call your state senator and your state representative's office and tell them you will be at the Capitol on April 6. Ask to meet with them between 9:45 am and noon. HBACT will provide the talking points on the important issues. If they aren't available on April 6, offer to meet them in a local coffee shop another day. Please let us know who you are meeting with and what time, so we don't set up conflicting appointments.

If you want to meet as part of a group, we will set up appointments for you to attend.

Please note the new schedule this year:

8:15 am	coffee & briefing (no breakfast)
9:45 am-12 noon	members time to meet with their legislators*
Noon-1:15 pm	Lunch & recap of the day. Governor Malloy is invited to join us.

**If you don't know the names of your legislators, go to www.hbact.org, under the Government Affairs menu at the top left, click on "Find Your Legislators."*



BUILDING BRIEFS

Helpful Tips for Builders This Tax Season



Tax expert Kathy Pickering, executive director of The Tax Institute at H&R Block, provides five great tips to help you through this tax season:

Deducting your home office — You can claim this deduction only if you have a room, or a distinct portion of a room, dedicated exclusively and regularly for your main place of business. The rules differ slightly depending on whether you are self-employed or an employee.

Self-employed health insurance deduction — This is applicable if you're self-employed and pay health insurance premiums for yourself and your family. For 2010, you can also deduct those premiums from your income for purposes of calculating self-employment tax. For 2010 and after, you can deduct the cost of health insurance premiums for your children younger than age 27 at the end of the year, if they don't have access to employer-provided insurance. This applies even if the child is not a dependent for tax purposes.

Cell phones can be deducted — The good news for 2010 is that you can deduct cell phone expenses related to your business under the regular rules for business property. So, if you purchased a cell phone in 2010 for \$200, and you use the phone entirely for business purposes, then you can deduct up to \$200.

Start-up business expense deduction increased from \$5,000 to \$10,000 for 2010 only — If you started a new business in 2010, you may be able to deduct up to \$10,000 in start-up expenses, which includes costs such as advertising and employee training prior to opening the business.

General business credit modified — Eligible small businesses may carry back the general business credit for five years instead of one year. So, if you qualify for a credit such as the Energy Efficient Home Credit, but you have low tax liability in 2010, you may be able to carry the credit back to a prior year, such as 2005, and claim a refund.

Treasury Trying to Grease Small-Business-Lending Wheels

The Treasury Department is holding a conference on March 22 that is set to focus on finding ways to "expand access to capital" for small business owners across the country.

Secretary Tim Geithner announced the implementation of two new lending programs for small businesses which were created under the Small Business Jobs Act. He also announced details about the conference, which will aim to "reduce challenges of raising capital at each stage of growth for a small business—from seed capital, to growth equity, to accessing the public markets."

One of the lending programs, the State Small Business Credit Initiative, is expected to create more than \$15 billion in small

business lending. The second program, the Small Business Lending Fund, is designed to spark lending to businesses through the provision of low-cost capital to small banks with assets under \$10 billion. The first round of loans to be awarded will be announced within the next few weeks, according to the Treasury secretary.

"The government cannot create success, but it is our obligation to reduce the barriers that get in the way of success," he wrote. "Direct and open conversations between government and entrepreneurs about how we can meet the challenges small businesses face are key to our success in these efforts."

Harvard Report Predicts Growth in Remodeling

As the economy and home building industry return to more normal conditions, home owner spending on improvements will increase by an average 3.5% annually during the 2010-2015 period, according to a recent report from the Joint Center for Housing Studies of Harvard University titled "**A New Decade of Growth for Remodeling.**"

Part of the growth is expected to come from rising demand for housing, with 4.5 million more households becoming home owners over the 2010-2015 period. Historically, owners of existing homes increase spending on improvements before they sell their homes, and remodeling expenditures also rise for buyers soon after the purchase of an existing home. Remodeling activity will also receive a boost from the high number of distressed properties in the marketplace, which will cost more to restore to prime condition. Also, remodeling will derive strength from the aging

in-place retrofit market as significant numbers of retirement-age baby boomers, whose financial position is not as fit as it was before the recession, decide to make the most of their existing home instead of moving to a more user-friendly new home.

According to the report, coastal metropolitan areas account for almost all of the country's most active remodeling markets. The Harvard researchers also identified markets where they saw potential for rebounding remodeling activity. Unsurprisingly, the coastal areas again were strong, San Francisco, San Jose, San Diego, Sacramento, Los Angeles and Seattle in the West, joined by Boston, New York City, Philadelphia, Baltimore, Washington, D.C. and Virginia Beach, Va., in the East.



WE'RE ON THE WEB!
WWW.BAEC.NET

The road to success is always
under construction, and some
of us are stuck in traffic!
-Anonymous



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has brought color to the BAEC world of news!

*BAEC is the recognized source of quality building services and information.
We build neighborhoods and improve the communities in which we live and work.*

MARCH GENERAL MEMBERSHIP MEETING



**Sales guru, Jay Singer,
of Neopost USA,
will present
Capturing the Market in 2011!**
Sponsored by



Discussion topics:

- What are you doing to attract new customers and increase your revenues?
- How do you differentiate your business and close business?
- What can you do to protect your price point and gross margin during the selling cycle?
- What are the possible benefits that BAEC can offer to its members to generate more customers?



**Wednesday, March 23, 2011
5:30 PM
Holiday Inn, Norwich, CT**

CALENDAR OF EVENTS

March 2011

Sun.	20th	FIRST DAY OF SPRING	
Wed.	23rd	5:30 PM	General Membership Mtg. Holiday Inn 10 Laura Blvd, Norwich, CT Lead Certification Training Bozrah Moose Lodge 115 Fitchville Road Bozrah, CT 06334
Tues.	29th	8:00 AM	

April 2011

Tues. 5th	6:00 PM	BAEC Board Meeting
Thur. 7th	6:00 PM	HBACT Developers Council
Mon. 11th	6:00 PM	Membership Comm. Mtg.
Wed. 27th	5:30 PM	General Membership Mtg. Location TBD

**Call 860.859.3518 for more
information or to register!**

**For more information visit our
calendar at www.BAEC.net**