



UPDATE BULLETIN

BIA Tulare/Kings Counties

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From the Executive Officer Brian J. Todd

Who Challenges Unfair Fees and Regulations, if not BIA?

With 11 cities, 2 counties, and 63 districts in the Tulare-Kings region, it is a difficult and arduous task to track all proposed fee and regulatory changes that would hurt housing affordability and disenfranchise hundreds of families on the financial margins from being able to own their own homes. Even more challenging are the meetings and negotiations in these multiple jurisdictions to prevent these obstacles to affordable housing from being enacted into law.

To be sure, many of our local jurisdictions are staffed by reasonable people and governed by elected officials who understand the needs of their constituents and negative economic impacts of restricting market-based home building. But what of those that are not? Even reasonable people can have disagreements, and it's for this reason that a coherent and powerful pro-housing perspectives must be made -- and grassroots pressure brought to bear -- to achieve acceptance of housing facts and realities.

As the voice for the home building industry in Tulare and Kings Counties, direct technical knowledge and the grassroots power necessary can be brought to bear only by YOUR BIA of Tulare/Kings. Builder and associate members support BIA as members precisely because it is our unified voice that is required to hold back the tide of issues that would harm home builders and our customers, the home buyers.

BIA needs your membership and support to continue protecting our builder and associate members' livelihoods. Do you know someone who's not a BIA member? Tell them why you belong, and they should, too!

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HELPING BUILDERS FOR OVER 28 YEARS

Three important steps to reaching Gov. Newsom's housing goals

By JEFF MONTEJANO |
PUBLISHED: March 5, 2019 at 10:14 am | UPDATED: March 5, 2019 at 10:14 am



California Governor Gavin Newsom recently unveiled his vision to address the state's desperate housing needs, a statewide challenge that has worsened over the years into a full-fledged crisis. And yet, it is more obvious than ever that repeating this message has yet to produce the necessary policy breakthrough.

It's been a long time since a California Governor made housing construction anything resembling a policy priority. A wide array of community partners has been sounding the alarm to create new housing, so Governor Newsom's announcement was extremely encouraging.

Some good news: The Newsom plan includes an ambitious goal of building 3.5 million new housing

units by 2025, and he has proposed a state investment of \$1.75 billion for new housing initiatives. For that capital to produce a return on investment, however, three important steps need to be taken.

First, Sacramento must get serious about mending — not ending — the California Environmental Quality Act. Originally enacted in 1970, CEQA was designed to ensure that environmental protections were instituted with new development projects like infrastructure and housing. Unfortunately, CEQA has evolved from a tool into a trap, ensnaring practically all new housing, regardless of how environmentally friendly or locally necessary.

A CEQA lawsuit can be filed by anyone, and even anonymously. From senior retirement communities to new student housing, hundreds of CEQA lawsuits have destroyed community hopes for sorely needed housing developments. Respected nonprofits including Habitat for Humanity have been the victim of frivolous CEQA attacks. Governor Newsom can bring all sides together and insist upon consensus reform.

Second, the state needs significant changes to prevailing wage requirements for new home construction. This is essentially the average hourly wage for construction work within a specific geographic region, and it applies to industries like roofers, carpenters, and plumbers. This matters because California requires home builders to pay prevailing wage on low-income housing developments receiving public financing. A report from the California Homebuilding Foundation found that prevailing wage requirements mean a 37 percent increase in construction costs about \$84,000 for a typical new home. To avoid adding additional hurdles to housing growth, it's imperative that any new prevailing wage requirement fully recognize, with metrics, the economic realities of each geographic region throughout the state.

Finally, the state must honestly address the construction industry's massive labor shortage. A recent study funded by Smart Cities Prevail estimated that California needs to generate at least 200,000 new housing construction jobs to meet current demand. This will require a new and cooperative effort between the public and private sectors to increase training and expand vocational education and apprenticeship programs to attract young people into the construction workforce pipeline. In addition, there should be a renewed focus by the state's local workforce investment boards in addressing the construction labor shortage.

If these three reforms go forward, there is one imperative that advocates for a renaissance of new housing must understand: to date, they have been far more correct than persuasive. It is time to move away from anodyne advocacy that proclaims there is a housing crisis and advance towards a clear and civic understanding that this is far more than a business issue — it's a quality of life imperative.

Ultimately, the shape and form of Governor Newsom's vision can only be made real by tangible construction. If we do not decide — as a state and as a society — to commit to a future of full and fair housing development and construction, there is simply no way forward for our economy or community.

Who We Are

Established in 1989, the Building Industry Association of Tulare and Kings Counties (BIATKC) is a non-profit organization representing all member builders, developers, subcontractors and associated businesses doing business in Tulare and Kings Counties.

We are governed by elected officers and board members having an interest in the building industry who donate their time and services to oversee the functions, operations and objectives of the association.

Why We Are

Because every builder, developer or related business needs to be united with an association that looks out for and defends its members interests, be it in legislation or be it in other outside matters relative to the success of our member.



Who Are Members

Large and small construction companies doing business in Tulare/Kings Counties, suppliers, product manufacturers, subcontractors, associated businesses such as financial institutions, utilities, title companies, real estate brokers, mortgage and loan companies, insurance companies, engineers, accountants, architects, etc.

What We Do

We work and fight hard in Tulare/Kings Counties to ease government regulations, promote housing affordability and the free enterprise system. For example: we have saved thousands of dollars in proposed fees and costs, assisted in drafting reasonable legislation that affects the industry and opposed ordinances that would have a negative impact on building and industry-related business.

How We Do It

Through our Board of Directors and committee volunteers our office staff in Visalia is here to serve our members. We are affiliated with the California Building Industry Association (CBIA) and the National Association of Home Builders (NAHB).

Legislators Push Back Against Newsom Housing Plan

By: Guy Marzorati Feb 26

A proposal from Gov. Gavin Newsom to encourage more housing development landed with a thud in a state legislative committee hearing on Tuesday, signaling a tough road ahead for one piece of the governor's ambitious housing agenda.

The plan, loosely articulated in Newsom's January budget proposal, would link new road repair funding that California cities receive from the state to the progress those cities are making on housing development.

Legislators on three committees that convened to review Newsom's housing plans (including Democrats typically aligned with the governor's goals) argued that the road repair money should not be contingent upon housing development.

"I'm taken aback right now," said Cecilia Aguilar-Curry, D-Winters. "Because going after [transportation] funding is not something that I think should be on the table."

The pot of money targeted by the governor was created in 2017, when the Legislature passed Senate Bill 1 to raise the gasoline tax and vehicle fees in order to fund transportation infrastructure improvements. More than a quarter of the \$5.24 billion raised by the tax goes to cities for road fixes and maintenance.

In November, voters rejected an initiative that would have overturned the gas tax and road funding. Newsom wants the state to demand more aggressive goals for housing production, and use the SB 1 funding as a stick toward local governments, to push them to facilitate development.

"You don't reach those goals, we're going to take SB 1 money from you," Newsom said at his budget press conference in January.

Legislators at a joint hearing of the Budget Subcommittee No. 4 on State Administration, the Assembly Housing And Community Development Committee, and the Assembly Local Government Committee told administration officials that the benchmarks were unfair, and the source of proposed funding inappropriate.

"I think that the voters do have a certain expectation that those funds be used for what was promised," said Assemblyman Jim Cooper, D-Elk Grove. "And now to change that mid-stream, I think that's going to rub a lot of folks wrong."

Newsom's proposal, which has not yet been formulated into a bill, would keep the money dedicated toward transportation. But critics argue that worthy road repair projects in cities that aren't meeting housing goals could be deprived of funding.

Other legislators said cities should only be judged on how they plan for housing development, since actual production of new units can be subject to the whims of the market.

"You're tying SB 1 money to the production, where cities are only accountable to planning for it," said Assemblywoman Tasha Boerner Horvath, D-Encinitas. "There's a flaw in that logic."

Representatives with the Newsom administration's Department of Finance assured lawmakers that the transportation funding-housing production link is still being formulated.

"There are multiple different goals that could be looked at and determined whether good faith progress is being made toward housing goals," said Steve Wells, with the Department of Finance. "So I think that's all part of the deliberation that's happening before we decide on any final numbers or final goals or what is going to be tallied to determine compliance."

California lawmaker makes aggressive push against local development restrictions

By Liam Dillon Los Angeles Times Feb 21, 2019



SACRAMENTO -- Citing the increasing cost of housing across California, a Bay Area lawmaker wants to sweep away a host of local restrictions on development in an effort to spur new homebuilding.

Sen. Nancy Skinner (D-Berkeley) has introduced new legislation that would block high-cost regions from imposing new prohibitions on housing construction or decreasing the number of homes allowed on certain pieces of land. It would also prohibit local governments in those areas from enforcing requirements that

developers install parking spots alongside buildings among a number of other proposals.

Skinner likened the state's housing affordability challenges to those residents face after an earthquake or wildfire and said local governments should react accordingly. The provisions in her legislation, Senate Bill 330, would be in effect for a decade.

"We're in a crisis of supply and we're in a crisis of affordability," Skinner said.

Her plan is among the most aggressive proposed by state lawmakers in dismantling city and county restrictions on development, which legislators have identified as a major contributor to housing cost increases. Sen. Scott Wiener (D-San Francisco) has introduced a bill that would force local governments to allow four-to-five story apartments and condominiums near transit stops statewide.

Today, an average California home costs two and a half times the national average and monthly rents are about 50% higher than the rest of the country, according to a new report by the state's nonpartisan Legislative Analyst's Office.

"While many factors have a role in driving California's high housing costs, the most important is the significant shortage of housing, particularly within coastal communities," the report said.

For low-income housing, Skinner's bill goes further by eliminating local fees on development. Skinner's plan also prohibits the demolition of rent controlled apartments and those that offer Section 8 assistance in an effort to prevent displacement from new construction.

The changes proposed by Skinner's legislation are significant, and would prompt big shifts across California. For example, government mandates for new parking exist in nearly every city and county in the state. Skinner said developers could still build parking if they wanted to, but the state could no longer afford to allow those rules given the threat that high housing costs pose to economic growth, livability for teachers and other middle-class workers and rising homelessness.

Gov. Newsom talks housing with California mayors, ‘can’t promise’ not to sue another city

By [Hayley Munguia](#) | hmunguia@scng.com | Long Beach Press-Telegram

PUBLISHED: February 19, 2019 at 5:07 pm | UPDATED: February 19, 2019 at 5:26 pm



Since his swearing in just over a month ago, Gov. Gavin Newsom has made no secret of his intent to buckle down on California’s housing crisis.

He has already sued Huntington Beach for its alleged failure to build enough affordable housing. But the governor isn’t pursuing a purely combative approach to dealing with cities, which he made clear when he met with dozens of California mayors at Long Beach City College’s campus on Tuesday, Feb. 19.

Newsom said after the closed-door meeting that although there are a total of 47 cities who are out of compliance with state laws mandating plans for more affordable housing, he’s hoping to avoid further litigation.

“I don’t want to sue 47 other cities,” he said. “Quite the contrary, I want to work and collaborate with all of the representatives in those communities, and I want to understand the challenges and struggles they face.”

Tuesday’s meeting marked the beginning of that process, he said, as some of the mayors who attended represented cities on that list. During his first State of the State address last week, he called out Montebello and Huntington Park, among others, as cities that are not trying to follow state law on the issue.

But that didn’t stop Montebello Mayor Jack Hadjinian and Huntington Park Mayor Johnny Pineda from showing up to Tuesday’s meeting to work on finding solutions in their cities.

“Unlike his predecessor, (Newsom) came out to the cities — as opposed to us going to the state to share our concerns — to see how we can work together to address this issue,” Montebello’s Hadjinian said. “So I commend the governor. I’m not mad at him for calling out our city. However, I look at this as an opportunity to do some great work for Montebello and for the other cities in the state of California.” Pineda, for his part, said Huntington Park is happy to work with Newsom to meet the city’s affordable housing needs.

“I was actually glad that the governor mentioned the city of Huntington Park, because it’s an opportunity for us to build more affordable housing,” he said. “We are a built-out city. We’re at capacity. We don’t have anymore land to build on, but we need to be creative.”

Another city that was on the list — but that didn’t get the honor of a State of the State shout-out — was Jurupa Valley, just west of Riverside. The city’s Mayor Brian Berkson took his comments after Tuesday’s meeting a step further, committing to shortening Newsom’s list by at least one city, and doing it soon. “We’re on the bad list at the moment,” Berkson said, “but I gave the governor my word that 60 days from now, we’ll be in compliance.”

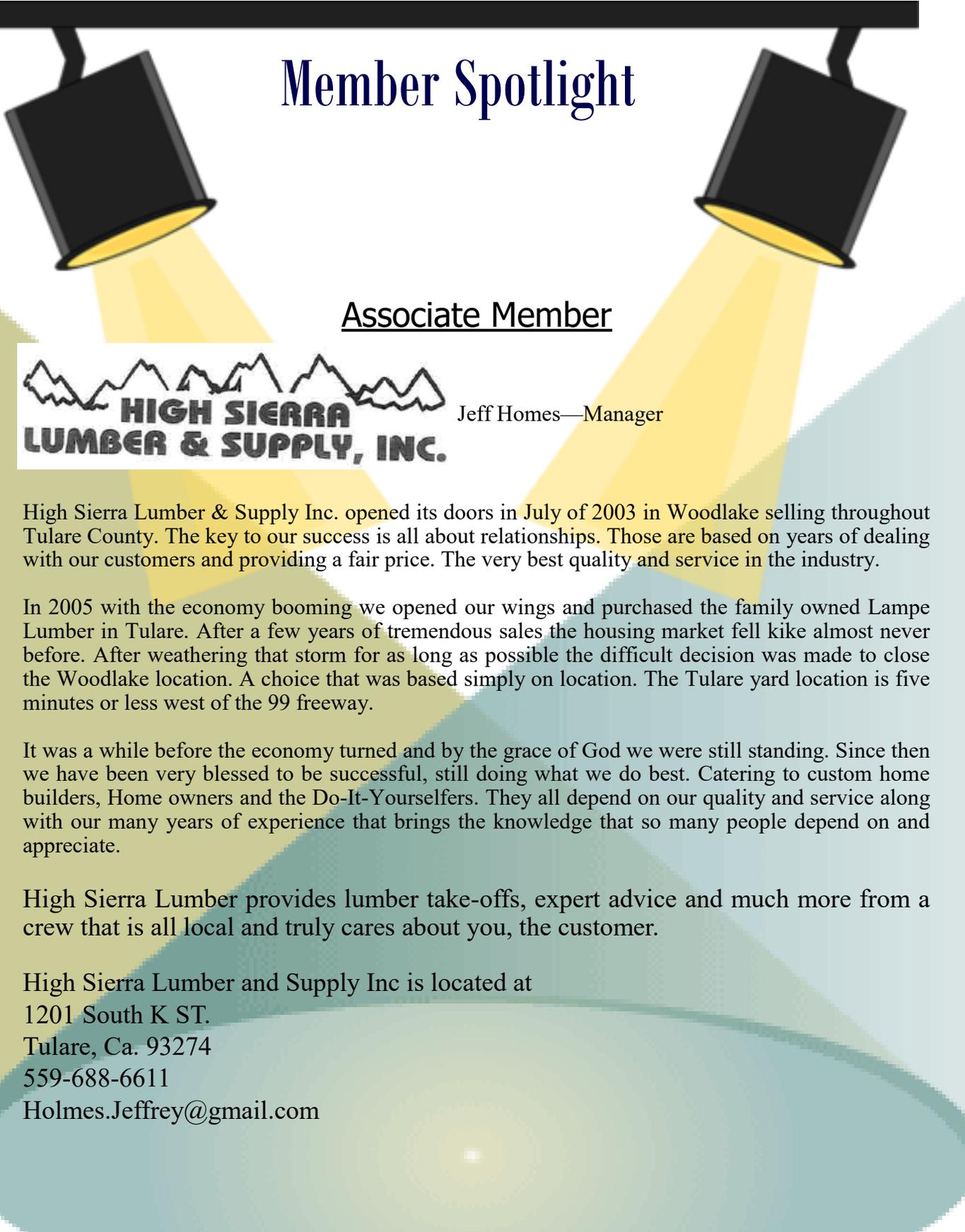
Newsom said that as a former mayor, he understands how difficult it can be for mayors to get their residents on board with something that may change their community. But building more housing in cities statewide is the only way that California can crawl its way out of its current affordability crisis, he said.

While he hopes collaborating with cities can avoid future outcomes like the one in Huntington Beach, Newsom said he “can’t promise” that his administration won’t sue another city.

“I absolutely commit to creating a process where no one will be surprised” if another city is sued, Newsom said, “and where we will be held to account for supporting their efforts, until they determine whether or not they want to cross that bridge.”

He said that for decades, California has simply not built enough housing to keep up with its population. The way Newsom sees it, now is the time for that to change.

“We have to commit to a new process, commit ourselves to a higher level of expectations,” he said, “and over the course of the next five, 10, 15, 20 years, to get to address the (housing) deficit that we have allowed ourselves to be in.”

Two black spotlights are mounted on a horizontal bar at the top of the page. They cast two bright yellow beams of light that converge towards the center of the page, creating a spotlight effect on the text below. The background is a light blue and green gradient.

Member Spotlight

Associate Member



Jeff Homes—Manager

High Sierra Lumber & Supply Inc. opened its doors in July of 2003 in Woodlake selling throughout Tulare County. The key to our success is all about relationships. Those are based on years of dealing with our customers and providing a fair price. The very best quality and service in the industry.

In 2005 with the economy booming we opened our wings and purchased the family owned Lampe Lumber in Tulare. After a few years of tremendous sales the housing market fell kike almost never before. After weathering that storm for as long as possible the difficult decision was made to close the Woodlake location. A choice that was based simply on location. The Tulare yard location is five minutes or less west of the 99 freeway.

It was a while before the economy turned and by the grace of God we were still standing. Since then we have been very blessed to be successful, still doing what we do best. Catering to custom home builders, Home owners and the Do-It-Yourselfers. They all depend on our quality and service along with our many years of experience that brings the knowledge that so many people depend on and appreciate.

High Sierra Lumber provides lumber take-offs, expert advice and much more from a crew that is all local and truly cares about you, the customer.

High Sierra Lumber and Supply Inc is located at
1201 South K ST.
Tulare, Ca. 93274
559-688-6611
Holmes.Jeffrey@gmail.com

Calendar of Events

March & April

4/22 BIA Offices Closed



February 6, 2019

Fed's 'Patient' Approach Good for Housing

At the conclusion of its January meeting, the Federal Reserve's monetary policy committee unanimously agreed to hold steady the federal funds top rate at 2.5%. The Fed also stated it will "be patient as it determines what future adjustments to the target range for the federal funds rate may be appropriate to support these outcomes." This is a decidedly more measured approach for the Fed relative to its commentary from last fall. The revised approach reflects anchored inflation expectations and economic softness in some sectors—including housing.

These shifts by the central bank, along with additional commentary suggesting the Fed could slow the pace of shrinking its balance sheet (i.e., quantitative tightening) depending on future market circumstances — and thus, ease upward pressure on interest rates — are more favorable for housing market conditions in 2019. However, the Fed's new strategy is complicated by the extremely strong labor market report for January, which showed a job gain of 304,000 for the U.S. and 23,900 for residential construction alone.

In general, rising mortgage interest rates during the second half of 2018 reduced the volume of existing home sales and slowed single-family home construction. Given these trends, it was surprising that single-family home sales had a relatively strong month in November, during which new home sales increased 17% over the weak October number. The growth was primarily in lower-price tiers, however: Sales of new homes priced below \$300,000 were up 20% in November 2018 compared to one year prior. New home inventories returned to a more healthy six-months' supply. Despite this positive report, additional weakness is expected for the December data, before conditions became more positive in January 2019 due to lower interest rates.

—NAHB Chief Economist Robert Dietz

Thank You!

Renewing Members

4 Creeks, Inc.
Matt Ainley

Buckman-Michell, Inc.
Don Sharp

CRD Construction
Robert De Ochoa

High Sierra Lumber & Supply
Jeff Holmes

Res-Com Pest Control
Tony Taylor

Daley Enterprises
Paul Daley

**DO BUSINESS WITH MEMBERS
KEEP YOUR INDUSTRY STRONG**

STATISTICS

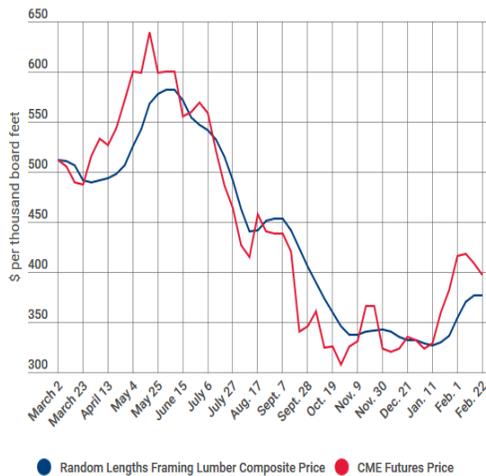


Top 15 General Contractors			
	Company	Permits	Valuation
1	D R Horton America's Builder	127	\$30,048,580
2	Lennar Homes of California Inc	87	\$24,014,263
3	Wilson Homes Inc	37	\$10,336,836
4	San Joaquin Valley Homes	47	\$8,683,608
5	Woodside Homes of Fresno Lp	29	\$8,367,482
6	Wathen Castanos Inc	22	\$7,600,322
7	The McCaffrey Group Inc	23	\$7,358,620
8	Benchmark Communities LLC	20	\$6,563,299
9	Granville Homes Inc	21	\$6,129,934
10	Bonadelle Homes Inc	23	\$5,938,559
11	De Young Properties	16	\$5,226,245
12	KB Home South Bay Inc	9	\$3,084,327
13	Gleneagles Homes dba Gary McDonald Homes	8	\$2,812,480
14	K Hovnanian Companies of California Inc	11	\$2,659,333
15	Image Homes Inc	3	\$2,430,999

Building Permit Summary			
Residential	Permits	Value	Units
Single Family Homes	605	\$160,340,977	605
Demolition	54	\$171,699	0
Grading & Dust	10	\$0	0
Footing & Foundation Residential	2	\$59,436	0
Duplexes & Twin Homes	3	\$238,000	6
Apartments & Condos	2	\$25,863,141	260
Mobile Homes	11	\$137,610	0
Other Residential Structures	57	\$3,106,243	0
Swimming Pools & Spas	170	\$7,269,375	0
Garages & Carports	28	\$1,543,148	0
Res Rmdl, Addn, Int Fin	311	\$9,710,108	0
Reroof Residential	19	\$586,922	0
Residential Totals	1,272	\$209,026,659	871

Framing Lumber Prices

The prices listed below provide an overview of the behaviors within the U.S. framing lumber pricing market. The information is sourced each week using the Random Lengths Framing Lumber Composite, which is comprised using prices from the highest volume-producing regions of the U.S. and Canada.



Housing Starts, U.S. and Regions

	U.S. TOTAL (1)	ONE UNIT (2)	2-4 UNITS (3)	5+ UNITS (4)	MULTI-FAMILY (5)	NORTH-EAST (6)	MID-WEST (7)	SOUTH (8)	WEST (9)
2014	1,903	648	14	342	356	110	163	496	235
2015	1,112	715	11	386	397	138	153	556	265
2016	1,174	782	12	381	392	116	182	585	291
2017	1,203	849	11	343	354	111	180	599	313
2018	1,242	871	14	358	372	110	172	627	334
Seasonally Adjusted Annual Rates									
2018 - Jan	1,334	886	13	435	448	116	145	684	389
Feb	1,290	900	18	372	390	132	154	615	389
Mar	1,327	882	14	431	445	120	182	630	395
Apr	1,276	898	21	357	378	96	160	669	351
May	1,329	938	12	379	391	106	239	652	332
Jun	1,177	851	10	316	326	104	164	564	345
Jul	1,184	861	6	317	323	103	178	624	279
Aug	1,280	890	17	373	390	99	187	657	337
Sep	1,237	879	9	349	358	141	171	568	357
Oct	1,209	863	19	327	346	91	186	592	340
Nov	1,206	808	11	387	398	110	144	666	286
Dec	1,037	740	19	278	297	94	123	615	205
2019 - Jan	1,230	926	15	289	304	149	116	700	265

For greater detail and analysis of these and other data, go to HousingEconomics.com

All data are in thousands of units.
 Housing start = The start of construction of a privately-owned housing unit is when excavation begins for the footings or foundation of a building intended primarily as a housekeeping residential structure and designed for nontransient occupancy. All housing in a multifamily building is defined as being started when excavation for the building has begun.
 (6) Northeast includes: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey & Pennsylvania.
 (7) Midwest includes: Ohio, Indiana, Illinois, Michigan, Wisconsin, Iowa, Minnesota, Missouri, North & South Dakota, Nebraska, & Kansas.
 (8) South includes: Delaware, Maryland, District of Columbia, Virginia, West Virginia, North & South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, and Texas.
 (9) West includes: Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Washington, Oregon, California, Alaska, & Hawaii.
 Source: U.S. Bureau of the Census, Construction Reports, Series C-20, Housing Starts.
 Prepared by Economics Department, NAHB. Available at www.HousingEconomics.com





Multi-Family Construction Calamity

by Walt Keaveny, Risk Manager, MS, PE, PG

Why was hall-of-fame 49ers quarterback Joe Montana first an avid promoter of his new condominium building, but now engaged in a class-action lawsuit against the builder? Why are new multi-family buildings in cities like San Francisco, Seattle, Las Vegas and Corpus Christi being dismantled or even imploded? In recent years, there have been an alarming stream of large high-profile, multi-family structural failures. What causes these failures? What can smaller multi-family builders learn from these costly failures, and help to manage their risk?

Leaning Tower of South Padre (South Padre, TX)

Coined the "Leaning Tower of South Padre," the Ocean Tower leaned

dangerously, due to settling 14-16 inches. One of the tallest buildings in the Rio Grande Valley, the tower stood 445-feet-tall which dwarfs the 183-foot-tall infamous Leaning Tower of Pisa. The luxury beach condominium was topped out with 100 units pre-sold at \$2 million each, when cracking and spalling began to appear. Deep piers used to support the building began buckling in clay soils resulting in dangerously over-stressed beams and columns. In late 2009, the building, declared a total loss, was the tallest and largest reinforced-concrete structure ever to be imploded. The losses are estimated at \$75 million. The engineers were sued for \$125 million.

McGuire Apartments (Seattle, WA)

This 272-unit apartment building was built in the trendy Belltown neighborhood in Seattle for \$32 million. Just 3 years after completion, the post-tensioned load-bearing cables supporting the concrete floors started showing signs of serious corrosion. Concrete chunks fell from the upper floors, slamming into the sidewalk below. It was estimated that 1/3 of the cables would fail by 2019. The cables corroded because cable ends were not properly grouted. The repair was estimated to cost \$80 million, over twice the original cost of the building. In 2012, the building was demolished floor

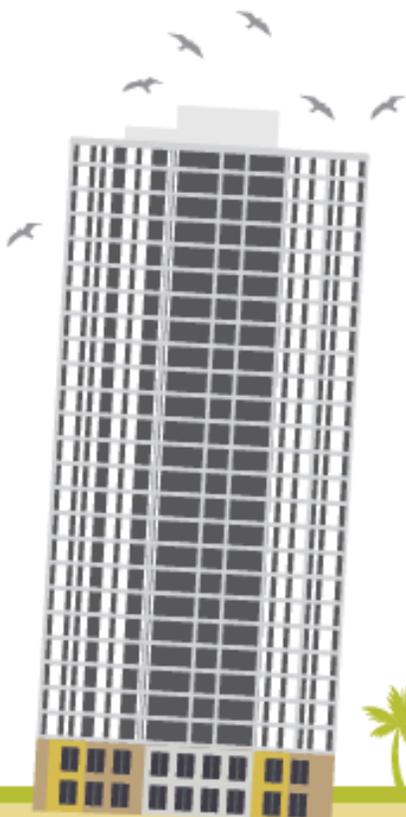
by floor. Sadly, a construction worker was killed during the demolition operations.

Harmon Tower at City Center (Las Vegas, NV)

Harmon Tower was to be a luxury hotel and condominium with a roof-deck pool on the sprawling 67-acre, MGM Mirage, City Center Complex. The \$9.2 billion City Center Complex consists of hotels, condominiums, casinos and high-end shops on Las Vegas Boulevard. During the construction of floor 26 of 49, with 88 luxury condos pre-sold, an inspection noted that rebar reinforcement was not properly configured. Engineers warned that this condition provides inadequate structural support and could result in a cataclysmic collapse. In 2015, at a cost of \$11.5 million the building was completely dismantled. A \$400 million lawsuit between City Center and the Builder was settled out of court.

Millennium Tower (San Francisco, CA)

Joe Montana was an avid promoter of the lavish Millennium Tower, hailed as the priciest residences on the West Coast. Joe even bought a unit valued at \$2.7 million. At 58 stories, the building is the tallest residential structure in San Francisco. The top floor is the 60th floor because floors 13 and 44 were left out for superstitious reasons. Despite removing these unlucky



Multi-Family Construction Calamity

floors, the building had its share of very bad luck. Soon after completion in 2009, the building started to show troubling signs of structural distress. In 2016, the building was found to have settled a startling 17 inches. Worse yet, the top of the building was leaning 14 inches. The city assured residents that the building did not yet represent an immediate risk of toppling over.

Engineers determined that the 900 concrete friction piles making up the foundation where settling excessively. The piles extended 60-90 feet through fill and mud into sand. In an apparent effort to lower costs, the piles were not extended to a depth of 200 feet to bear on solid bedrock. Ironically, the building won 9 major engineering awards, including "Outstanding Structural Engineering Project" and "Structural Engineering Project of the Year."

Forensic engineers hope to stabilize the building by installing 50-100 piles to bedrock at a cost of \$100-\$150 million. Joe Montana has joined the class-action lawsuit.

Lessons for Smaller Multi-Family Builders

The number of recent colossal multi-family structural failures is cause for concern. These high-profile well-funded developments have the best engineering teams, immense scrutiny by building authorities, and highly skilled builders. The examples cited were total losses due to seemingly simple causes, such as using an improper foundation depth, corrosion protection, or rebar orientation.

Builders often mistakenly believe that building envelope/water penetration deficiencies represents their greatest risk.

Total losses from simple causes

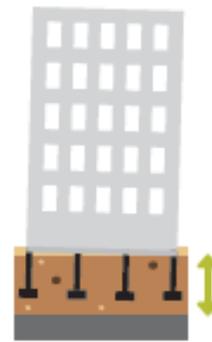


Rebar Orientation

Water penetration can be problematic, but rarely represents liability to the extent of structural failures. As cited, major unsafe structural failures are often newsworthy, reputation damaging, expensive to repair, and can result in a total loss of the building. If failures happen to buildings of this magnitude, think of the risk for much smaller projects with limited budgets.

For example, smaller buildings may lack a geotechnical investigation. A geotechnical investigation significantly decreases the risk of foundation failure. However, if the builder selects the least conservative foundation option proposed by the engineer, then there is an increased risk of failure. Smaller buildings may also lack budgets for critical construction inspections. The best design can result in an unsatisfactory structure if poorly built. Inspections improve the chances for compliance with plans and specifications. Lastly, smaller builders may neglect to purchase commercial general liability insurance, and insurance-backed new home structural warranties.

Multi-family builders can manage their risk of structural failures using the following best practices:



Foundation Depth



Corrosion Protection

(1) Conduct a geotechnical investigation to explore unknown subsurface conditions, design a cost-effective appropriate foundation, and avoid costly construction delays.

(2) Implement an effective construction Quality Assurance/Quality Control Program to confirm compliance with plans and specifications, utilizing the engineer(s)-of-record and skilled independent inspectors.

(3) Purchase a Commercial General Liability Wrap Policy that includes coverage for all subcontractors, and use subcontractor agreements.

(4) Purchase an insurance-backed, 10-year structural new home warranty with written performance standards and legal binding arbitration.

Your small multi-family building may not have the glitz and glamour to attract buyers the likes of Joe Montana, but the inherent risk for a major structural failure is comparable to much larger buildings. Embracing a few best practices will improve your chances for constructing a building that performs well while managing your risk.



Mr. Keaveny is the Risk Manager and Principal Engineer for the leading new home warranty company, 2-10 Home Buyers Warranty. He earned a Bachelor's degree in Geological Engineering and a Masters in Geotechnical Engineering. He is licensed as both a Professional Engineer and a Professional Geoscientist, and has over 30 years of diverse engineering experience. He serves on the Construction Performance Standards Committee for the Texas Association of Builders, and is an invited speaker and author. Mr. Keaveny's work on the subject of structural claims has been published in major newspapers and has drawn international interest.



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Sign in.
save.

NPP is a B2B marketplace where association members save on products and services they use every day. Join for free today.

mynpp.com/bia-tulare-kings



NPP members enjoy exclusive offers and negotiated pricing from brands like these:



Build savings with a special offer for NAHB members.

Register now and save 2%** on your Lowe's® Accounts Receivable (LAR) or Lowe's® Business Accounts (LBA) purchases.

Lowe'sForPros.com/NAHB



5% OFF EVERY DAY
When You Buy

+ 2% BACK STATEMENT CREDIT
When You Pay

for NAHB members



HOW TO APPLY
Download an application at Lowe'sForPros.com/NAHB.

Newly opened accounts that fax the downloaded application to **877-896-3839** will be automatically enrolled for additional 2%** savings.



Expand your business (and your wallet) with up to 36% off when you ship with UPS®

Your NAHB UPS Savings Program can help you get the support you need to make your shipping faster, your logistics better, and your customer experience superb. Make the most of your membership and take advantage of competitive rates on UPS® shipping services that include enhanced protection through UPS Capital Insurance Agency, Inc. Not only can you save on shipping but the UPS Store® is here to help you grow and promote your business with printing services producing a wide variety of marketing materials with professional results.

To start saving, simply:

Call: 1-800-MEMBERS (636-2377)

Visit: www.1800member.com/nahb





Business Savings

As a member of your local Home Builder's Association, you can gain access to Amazon Business' vast selection, competitive pricing and shipping options to meet your needs.

"Opportunities don't happen. You create them" – Chris Grosser

CBIA MEMBER BENEFIT PROGRAM

INSURANCE OPPORTUNITIES

Health Insurance

CBIA has an Affinity Partnership with [Ames Grenz Insurance Services](#) to provide Guaranteed Issue medical, dental and vision plans to our association members. Ames Grenz Insurance Services is a locally owned agency that has provided Association members individual and group benefit plans for more than 35 years.

Various medical plans -- Health Net, Western Health Advantage and Kaiser -- are available for groups as few as one member. There are no health questionnaires to complete or pre-existing conditions that would preclude members from obtaining coverage. Employers may select from 15 different medical plans for flexible enrollment options. Enrollment is as simple as an enrollment form and a premium check for CBIA members to realize medical coverage.

If you have been experiencing increases in your medical plans and need the flexibility of multiple plan offerings, look no further than the CBIA-sponsored medical plans.

For more information, contact Reggie Conley at rconley@amesgrenz.com or (916) 486-2900.



Member Advantage at a Glance

www.nahb.org/ma

Houzz – Join over 25,000 NAHB member companies and get free access to Houzz Concierge Service, special discounts on local advertising programs, and up to 10% off Houzz Shop products. Learn more at www.houzz.com/NAHBmembers or call 800-640-8061.

FCA US LLC - A \$500 cash allowance for members, employees and household family members. This offer is good toward many new models in the Chrysler, Dodge, Jeep®, Ram or FIAT® vehicle lineup and is stackable with most current local or national incentives. Visit www.nahb.org/fca to learn more.

Lowe's - Visit www.LowesForPros.com/NAHB or call 877-435-2440 and register to save 2% on your Lowe's Accounts Receivable (LAR) or Lowe's Business Accounts (LBA) purchases and free delivery on purchases over \$500. Save an additional 5% every day at the store when you mention the 5% at time of purchase and when using your LAR or LBA.

General Motors – Enjoy a Private Offer of \$250, \$500 or \$1,000 on many Chevrolet, Buick and GMC vehicles. Other offers may be available for even more savings. Visit www.nahb.org/gm to learn more.

UPS Savings Program & YRC Freight - UPS discounts of up to 36% on a broad portfolio of shipping services. Savings of at least 70% on less-than-truckload shipments 150 lbs. or more with UPS Freight and YRC Freight. Visit www.1800members.com/NAHB or call 1-800-MEMBERS (800-636-2377) for more information.

GEICO - Exclusive NAHB discounts for members on auto insurance. Visit www.geico.com/disc/nahb or call 800-368-2734. Mention NAHB for auto, homeowners, and commercial auto quotes.

2-10 Home Buyers Warranty - Visit www.2-10.com/NAHB or call 855-280-1328 to receive exclusive access to discounts on select products, including the Builder Backed Service Program and the systems and appliances warranty.

TSYS (formerly TransFirst) - Payment solutions with average savings of 16% per year. Web/mobile tools, credit card and eCheck processing and more. Free "Savings Analysis" call 800-613-0148 or visit www.tsysassociation.com/NAHB.

Dell - Up to 30% off on all Dell computers. Call 800-757-8442 and Mention NAHB or visit www.dell.com/nahb.

Associated Petroleum Products (APP) - Earn \$0.015 for EVERY gallon purchased using the APP Fuel Card program. Visit www.associatedpetroleum.com/nahb to enroll or call 800-929-5243, Option 6 and mention NAHB.

Hertz - Up to 20% off on rental cars and FREE Gold Plus Rewards membership. Visit www.hertz.com/nahb, or call 800-654-2200 and use CDP# 51046.

Avis - Up to 25% off car rental base rates and FREE Avis Preferred Service membership at www.avis.com/nahb, or call 800-331-1212 and use AWD code G572900.

Budget - Up to 25% off car rental base rates and FREE Budget Fastbreak at www.budget.com/nahb, or call 800-283-4387 and use BCD code Z536900.

Office Depot - 10% off all delivery orders. Free shipping on orders of \$50 or more. Call 800-274-2753 and mention NAHB.



Member Advantage at a Glance

www.nahb.org/ma

G&K Services - Enjoy up to 20% guaranteed savings off standard pricing on uniforms, facility services, and direct purchase customized apparel. Visit www.eMemberBenefits.com/NAHB or call Your National Account Specialist at 713-967-6214 to request quote or free site assessment.

Omaha Steaks - Save 10%, in addition to any online specials. www.OSincentives.com/promo/nahb

TripBeat (formerly Endless Vacation Rentals) - 25% discount on over 200,000 vacation rentals worldwide. Call 844-367-6433 and mention NAHB at time of reservation or go to www.tripbeat.com/nahb.

Wyndham Hotel Group - 15% off at over 7,400 hotels. Call 877-670-7088 and mention ID 8000002688. Go to www.nahb.org/ma and click on the Wyndham logo to find out more.

FTD - 20% off floral arrangements and gifts at www.ftd.com/nahb or call 800-SEND-FTD use code 17421.