

Bulletin

Issue 2
Spring 2014

Many elected officials and candidates were on hand to help with the ribbon cutting to open the 39th Annual Home Show on Saturday, March 15. An estimated 3600 people visited the show over the weekend, and with more than 165 vendors there was something for everyone.

Read more about the 2014 Home Show on page 4



Upcoming FCBIA Events

May 8
Awards of Excellence Banquet

June 10
General Membership Meeting

July 8
Crab Feast

August 8
Golf Tournament

For details see inserts and Building Buzz e-news



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Tom Hyde

Frederick County Building Industry Association President

Spring has just arrived and our annual Home Show has already come and gone. You could tell it was election season by the attendance at the ribbon cutting. I don't have an official tally, but I would estimate that we had two dozen either elected officials or candidates from the City, County and State, representing both sides of the aisle. I understand that actions speak louder than words, but all of the candidates I spoke with understood the importance of our industry to the State and Local economies and expressed a desire to understand the health of our business and to understand any hurdles heading our way.

Before I get too deep into the local election, I'd like to take a moment and thank all of FCBIA's staff and committee members for the time and effort put forth to make the Home Show a success. There are more moving parts than I ever imagined and it takes true dedication from staff and those volunteers to make it all happen. A special thanks to Donna for keeping us all on the ball and making the whole association look good!!

I'd like to extend another round of thanks to Linowes and Blocher for the luncheon/seminar they sponsored on this year's transition to a charter form of government. (I think there were even more elected officials or candidates at this event than the ribbon cutting!) As someone that had only half listened to the charter debate when it was happening, I must say that it was eye-opening to hear the changes that will happen on December 1st. There will be major changes in the way the

County functions and the Executive and the Council will be starting with a fresh slate, but that first day on the job will also be the first day which anyone has held their position. They will truly be learning their new roles and the rules as they go. The County's staff will all report to the County Executive and as of Day1 there will not be a single staff person to assist the County Council. How the first Executive interacts with the first Council and vice versa will set the tone and process for those elected afterwards.

It is of critical importance for our industry, an industry that is dependent on the efficient, predictable and accountable function of county government, to pay close attention to those candidates that we vote for, that our staffs vote for and that our contractors and suppliers vote for. We are finally starting to add employees and finally starting to build homes again. We need to ensure that in the primaries and in the

Continued on next page



Jason Wiley
Builder
Member of the Year



Jennifer Franey
Associate
Member of the Year

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general election we vote for those candidates that truly appreciate the time, dollars and hours that we put into designing neighborhoods and homes for future Frederick County residents. There are candidates that understand the economic and fiscal impact of those same neighborhoods and homes. There are candidates that understand that a majority of new homes in the County will be paying between \$40,000 and \$50,000 per home in school impact and construction fees, library fees, sewer and water capacity fees and traffic improvements. Hopefully all the candidates will have an appreciation for the dedication of our members and the time and effort spent to ensure our residents have a safe, well-constructed home and the opportunity to own their piece of the American Dream.

We need to make every effort to ensure those candidates that understand the importance of what we do receive the industry support they deserve. We need to ensure our employees, trade partners, neighbors and friends understand the importance of their vote.

Don't take for granted that all the candidates understand the positive role of our industry or that those who do will make it through the primary. Take the time to learn more about the candidates, support those you like and, most importantly, vote on June 24th.

Betsy Cain
Sales & Marketing Council President

As the weather improves, so does the housing market! With warming temperatures and a hot spring market on the horizon, we are poised to receive an abundance of new buyers coming out of the gates and some exciting events to get it all started!

The Awards of Excellence will be held next month on Thursday, May 8th from 6-9pm at Ceresville Mansion, which promises to be the premier event of the year for FCBIA. Tickets are on sale now so reserve your table early.

Our June meeting will feature Todd Hylton from Excalibur Title, with a hands on approach to getting your social media up and running with tips that a novice can understand! Please plan to attend on June 10th and learn how you can improve your on line presence.

Enjoy the weather and vibrant market to come!

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Portfolio Manager

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The 'Development Pipeline' and Planning for the Future

For this article, I wanted to take the opportunity to begin to communicate some basic information that is fundamental to the discussion and debate about growth, which has become magnified this election year. Before doing so, let's be clear about how much 'growth' is really occurring.

In 2013, 1,239 building permits were issued in Frederick County, comprised of approximately 33% single family detached (SFD), 25% single family attached (SFA) and 42% multi-family (MF) units. Nearly 60% of those permits were within the City of Frederick, which accounts for the higher than average mix of multi-family. (Current County housing stock is @ 65% SFD, 20% TH, and 15% MF dwellings).

It should be noted that of the 1,239 permits issued, they resulted in 846 'certificates of occupancy' issued. Certificates of occupancy should not be lost in the discussion on impacts of growth, as there is a lag between the construction of a dwelling and its actual impact on roads, schools, etc... , not to mention a small percentage of those permits may be re-issued if certain approvals lapse, or the house location/type changes due to buyer/builder preferences. As an example of the 522 MF permitted they will likely be absorbed over several years.

While last year saw the second straight year of increased residential activity and highest since 2006-2007, the levels are well below any historical averages. The highest 10 year (mid 80's to mid 90's) and 20 year (mid-late 80's to mid-late 00's) periods averages 2,050 and 2,130 dwellings/year respectively. However the last 10 years (including pre and post economic downturn) the County has averaged just 1,000 dwellings per year. During this time, the County's school system has experienced enrollment growth at less than 0.5% per year over the last decade compared with annual enrollment of 3% - 5% 20 years ago, which combined with school construction has created a surplus of classroom capacity at all three levels system wide.

Why is this important? Because growth and its impact is not a simple linear relationship nor can it be synthesized to a simple formula of the number of housing units creates 'x' amount of demand on services. Other demographic and socio-economic trends affect growth and development patterns and the resulting impacts and opportunities of a community. Future posts are needed to expand on these demographic and development drivers to better understand the factors that influence growth and development as, like our communities, it is a more complex and dynamic issue than many understand or care to admit. Given these empirical

trends, one might question why, aside from election-year rhetoric, there's so much noise about growth.

Much of the reason has to do with the zoning and subdivision activity that has occurred over the past several years and how special interest groups have chosen to participate in the process with frivolous lawsuits, proliferation of misinformation, social media sound bites and media coverage. The subdivision moratorium of 2008 that lasted a couple of years, which was immediately followed by the great recession, significantly depleted the available development pipeline. Projects stopped moving and new projects weren't starting. The development pipeline refers to the supply of future lots that have meaningful approvals and are in various planning, engineering or construction stages awaiting sufficient demand to bring to market. Over the past several years, zoning and subdivision activity has started to replenish the development pipeline.

Utilizing State of Maryland projections it is anticipated there is a need for 36,000 - 40,000 additional units by 2040 to accommodate projected population growth. The current development pipeline contains approximately 4,500 units that are 'ready to go', meaning the lots are recorded. However, a fair amount of these are legacy lots that have been recorded for many years and, for a variety of reasons (don't perc, need infrastructure, owner is holding, etc.) haven't moved and may never move. There are approximately 16,500 units that have APFO approval, meaning they have passed the APFO test but may still require infrastructure and/or public facility improvements to proceed. In total, that's a maximum of approximately 21,000 lots, which is short of the projected additional needed units of 36,000 - 40,000 over the next 25 years. And that's just a simplistic way of analyzing the supply and demand. As noted above, future posts are needed to expand on the development pipeline capacity analysis to better understand its effect on Frederick County's future opportunities.

There has been election year rhetoric that we have plenty of units in the pipeline and don't need to approve any more units. This mentality fails to consider the nuances of the fluctuating supply and demand relationship, demographic drivers and changes in household formation, among other factors. In order to have a healthy supply of housing options, both in the short term and in the long term, which is critical to competing for jobs and reducing pass-through traffic, we need to continue to plan for future development opportunities.

Home Show 2014

Home Show Partners

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Senators David Brinkley and Ron Young present FCBIA President Tom Hyde (right) with congratulatory citations from the Frederick County Delegation and Senator Brinkley following the Home Show's opening ceremonies.



Students from the Career and Technology Center's Construction Trades again participated in Builder Olympics competition and demonstrations. This year the students showed off their skills in Carpentry, Construction Electricity, HVAC/Plumbing, Masonry and Landscaping. In addition, this year the SkillsUSA members joined forces with Relay for Life of So. Frederick/Urbana and FCBIA to construct a playhouse as a community service project. FCBIA members donated the materials to CTC along with the construction drawings for the playhouse and the students were able to complete the project after school. The completed playhouse was displayed at the show and Team Little Wonders of the Relay for Life of So. Frederick/Urbana raffled off chances to win it. 100% of the raffle proceeds were then donated to the American Cancer Society.

Best display winners (clockwise from right):

- Best in Show: Landscape Concepts Inc.
- Building 9: Tri-County Pump Service
- Building 12: Cedarbrook Outdoor Design
- Building 13: Pondscapes
- Building 14: Holtzople Heating & Air Conditioning
- Building 14A: Stover Hearth & Home
- Best Landscape: Porterbrook II
- Best Outdoor: McHenry Small Engine



Maryland 2014 General Assembly Session Summary

The 2014 General Assembly Session came to a close on Monday April 7th. As is typical in an election year, there were not as many controversial issues debated by the Legislature but more bills introduced to address local district issues. Given the earlier timing of the primary this year, many legislators didn't wait for the end of Session to shift their focus on continuing their campaign activities as soon as the General Assembly adjourns.

The Maryland State Builders Association (MSBA) has reviewed over 160 of the 2,667 bills introduced by the Senate and the House this year. The bills reviewed address a myriad of issues including professional licensing, environmental initiatives, real property and land use issues and tax increases and decreases.

Key issues that MSBA worked on this year include the following priority issues:

Environment

Senate Bill 141 as it was originally drafted would have required the Maryland Department of Environment (MDE) to file a lien against the real property of a person who has unpaid environmental violations. The bill was amended in the Senate to apply only in Baltimore City and only when there is an unpaid violation of the City Environmental Control Board that is a final order. Senate Bill 706 (cross-filed with House Bill 1210) would require MDE to conduct a cumulative impact analysis of the cumulative impacts of past present and future potential effect of issuing a number of environmental permits. The bill was amended in the Senate to target a specific area in Prince George's County and would require the permit applicant to conduct a cumulative impact analysis if they are applying for certain air or land fill permits. MSBA continued to oppose this measure as amended and the bill died in the House Committee. House Bill 517 was drafted to remove any conditions or standards that the Maryland Board of Public Works would be required to consider before issuing a state wetlands permit. MSBA opposed this bill and it was withdrawn.

Professional Licensing and Construction Issues

Senate Bill 45 would require firm permitting enforcement authority for the State Board of Architects, State Board of Examiners of Landscape Architects, and the State Board for Professional Land Surveyors. MSBA opposed this legislation because of concern over developer projects that could be delayed if a firm permit violation closed a design firm. The bill died in the House. Senate Bill 655 (crossfiled with House Bill 1038) was introduced for

MSBA to clarify when a developer would have to register with the Consumer Protection Builder Registration Unit. Neither bill has moved out of Committee. Senate Bill 1053 would allow equivalencies or trade-offs for compliance with the IECC, IBC and IRC Energy Codes. MSBA supports this legislation to add flexibility for energy code compliance. The bill was passed by the Senate but died by lack of action in the House Committee. House Bill 6 raises the claim amount against a licensed home improvement contractor to \$7,500 that the Commission can require payment from the guaranty fund without a hearing. In addition, as amended the bill increases to timeframe that a license has to repay the fund from 30 to 60 days. MSBA worked with the Department of Labor, Licensing and Regulation to support this bill and it was passed by the Legislature and the Governor signed it into law. House Bill 1220 would require that real estate development project use minority business enterprises for all construction projects. MSBA opposed this bill and it was withdrawn.

School Construction Financing

A number of bills were introduced seeking to expand the prevailing wage rate requirement for public construction projects. Senate Bill 204 and House Bill 956 would have expanded the requirements to pay prevailing wage on all public projects and change the recourse for violations of the wage law. These bills have not moved out of Committee. However, Senate Bill 232 and House Bill 727 (crossfiled bills) passed both the Senate and the House and are expected to be signed into law. As amended, these bills decrease the percentage of state funding received by a county for an elementary or secondary school construction project that triggers the prevailing wage requirement from 50% to 25%. MSBA opposes these bills as they are likely to result in at least a 10% increase in school construction costs.

Senate Bill 1094/House Bill 1532 would require the General Assembly to earmark \$20 Million for a grant program for additional school construction funding for counties that have experienced at least 3 years of significant school enrollment growth. MSBA supports this legislation but neither the Senate nor House took action.

MSBA will continue to work on our priority issues through the conclusion of the Legislative Session. A full report will be available after the veto session concludes in May. For more information about these or related issues, please contact Katie Maloney at katmaloney@verizon.net.

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These are the members who make the FCBIA stronger by recruiting new members. Thank you!

Would you like to become a Spike Club member? For each new member you sign up, you earn one point. Contact the FCBIA office for details.

New Members

Connelly Geothermal

Emily Sottile

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andrew@wivellhomes.com
Custom Homes, Remodeling

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Networking 101

“If it seems like you are giving more than you are getting, you are networking the right way.”

- LYNNE WAYMON

Expert networkers are also skillful small talkers. But, it's a myth that people are born with the gift of gab or without it. Anybody can learn to small talk and to use small talk to create valuable networking relationships.

Often people think they have a network because they belong to a lot of organizations. Not so. You can fill out the membership forms, pay your dues, receive the newsletter, and even go to events, and still not have a network. You only have a network when you create active relationships that are mutually advantageous.

People say, cynically, “It's not what you know, it's who you know.” They see networking as an opportunity to use people. That's not the way to do it. What's really important is WHO KNOWS YOU. You need to effectively tell vivid stories that illustrate your expertise and attend many events at organizations to increase your visibility.

Great Connections – Networking Checklist

- Who did I introduce myself to? How many names do I remember? What lead or resource can I be on the lookout for, for each of them?
- Did I meet new people as well as talk to people I already knew?
- How many times was I a great connector, introducing people to other people?
- Do I know who the leaders are? Did I greet them, become known to them, help them?
- Did I arrive early or at least on time?
- What did I give away?
- What plans did I make to extend the event beyond the event?
- Did I give away/exchange business cards? With whom? Why? Did I jot down a reminder?
- Did I listen generously? How did it build the relationship?
- What follow-up did I do?

Courtesy of NAHB

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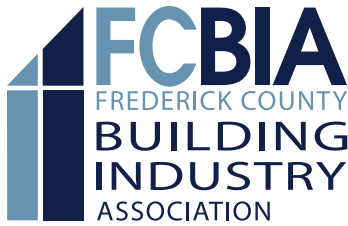
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