



# nyrej

## **When can we expect the permit? Examining the challenges presented by today's economy**

May 22, 2009 - Spotlights

The local New York City economic development climate is changing from an emphasis on residential construction development to service driven development. For example, the direction of the majority of jobs taken on in my practice, Architecture Studio, has moved drastically from primarily high-end residential to primarily low-end residential, medical and commercial. My biggest clients have asked me to design an 8,000 s/f apartment complex. However these jobs tend to be fewer and far between when compared with four years ago when most of my practice was in high-end residential.

These changes are mainly due to the difficulty in obtaining financing from lending institutions. The high price of materials has caused construction costs to shoot up, which creates a slippery slope where labor and project costs sky rocket. Many lenders are unwilling to give building and construction loans with an unstable economy and the promise of a long payback period leaves construction companies with fewer incentives to build.

Another challenge for the building community has become finding jobs. Only the most viable and well designed projects are being built. This translates to more bidding wars and more difficulty through the construction process to maintain a profit margin. What most people are leaning towards now in answer is the abundance of new renewable energy technology. Renewable energy, like solar and wind power, could provide not only a solution in hard economic times, but also a solution for the sustainability of the environment. There has been some movement in the building department to create incentives and requirements for renewable energy use, but these are mere scratches of the surface. If New York builders would like to look forward to decreasing housing prices and a robust surge in residential and commercial real estate to fuel the economy, the change will have to start with the building department regulations.

The building department is committed to bringing regulations up to the new international code standard. The date in which the new codes took effect was January 2009, though many of these codes were already in use beforehand. This has set the groundwork for new interpretations of building code and zoning. A major change of zoning and codes brings with it good and bad changes. The first effect will be the slowing of the progress of construction and development.

Expediting has become a necessary requirement in order to get projects through the building dept pipeline. This is costly and time consuming, slowing the building process and economy still further. Until the design and construction community become assimilated with the new concepts of zoning restrictions and requirements, many projects will either be slowed or completely lost.

Yet, the growing pains of the building department regulations are changes that most design professionals willingly accept for the possible future they provide. The building department has developed the new TR-1 paperwork with three columns: for the design professional, for the

inspector, and for the sign off. It has done wonders for allowing closer control over the work, plus, all the forms are now scanned into the computer which allows public access to review applications for compliance and accuracy. You can search for your building at the building department web page at [www.nyc.gov/bis](http://www.nyc.gov/bis).

The building code on the other hand can have a positive catalytic impact on construction by streamlining the code and making it easier to understand. The design community is pushing for the new codes and zoning to create an easy process that will have designers work as a team. The new zoning regulations can also allow for a positive impact by increasing zoning densities in certain areas. In areas like Hunters Point, Queens West, and Harlem at 125th St., designers may have the freedom to build higher buildings and develop more for residential and commercial spaces.

The present administration is very pro-development and has used the zoning and building code as a tool to encourage and facilitate more development. We are at the forefront of a major building boom in New York City and the new building department commissioner, Robert LiMandri, has been instrumental in helping the industry maintain higher standards for building safety by requiring more inspections and control over the design and building process. In Albany, mayor Gerald Jennings, and the new governor, David Paterson, are both calling for change in the way the state handles construction. Mayor Bloomberg is also initiating requirements for environmental consciousness and green design that will have a lasting impact on the future of energy consumption and the planet. All three converge upon a conscientious environmental, pro developmental spirit which equate to a better building environment, better building safety, and a healthy environment for the city and its inhabitants.

William Gati is the president of Architecture Studio, Kew Gardens, Queens, N.Y.

New York Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540