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SQUARE FEET

THE 30-MINUTE INTERVIEW

RICHARD T. ANDERSON



SUZANNE DeCHILLO/THE NEW YORK TIMES

Mr. Anderson, 71, is the president of the New York Building Congress, which represents professionals in the construction industry, including laborers, contractors, architects, engineers and developers. He has been running the nonprofit association since 1994 and before that served as the president of the Regional Plan Association, an urban research and advocacy group.

Interview conducted and condensed by VIVIAN MARINO

Q. What is your main role at the building congress?

A. I'm expected to follow through the strategic objectives of the organization, which is to be an advocate, to provide opportunities for professional exchange and to promote the image and the stature of the industry as a whole.

We have lots of organizations that deal with pieces of the industry, like the American Institute of Architects and the Real Estate Board of New York. We work with all of them.

Q. Are you its longest running president?

A. Yes.

Q. Any plans to retire?

A. No.

Q. So what are the association's strategic objectives in 2012?

A. No. 1 is to promote infrastructure investment in New York City; infrastructure is anything public.

It's important because it generates design and construction work for the industry. The private economy, which generates so much construction activity, needs the infrastructure as well.

While investment has been relatively high in the last few years, it's starting to slip.

Q. How so?

A. The capital budget is funded with borrowing, and there's significant pressure to reduce debt service.

The city starts the budget process next month and it goes through May. We're looking for them to hold the line because of the importance of capital investment.

We're probably the only advocate for the city's capital budget — almost nobody else pays attention to it.

Q. How did the construction industry in the city fare in 2011?

A. Construction spending — for all construction — was about \$27 billion. It's about the same as in 2010, and 2012 will also be about the same or slightly less. So it's still a fairly strong market. But then it's expected to fall off to \$23 billion or so in 2013, and that concerns us. Public work is declining, and the private sector is not coming up sufficiently to make up for it.

Q. Where are you seeing the most strength?

A. Probably the strongest sector is the institutional sector: universities, hospitals, cultural facilities.

It's not an overwhelming portion of this \$27 billion market, though — only about \$3 billion, without public schools.

Before the recession started, everything was white-hot across the board, but there was a problem with that: we got cost inflation, and it started to get very expensive.

Williamsburg, Flushing and the Bronx are getting a lot of construction activity, where 10 to 15 years ago there was nothing.

Q. What about office buildings?

A. The story with offices is that they're starting to come back. But the big question is, when will all the projects on the drawing board start to be built? We have about 20 million square feet of projects on the drawing board and only a couple of million square feet in construction. We need jobs to grow in New York City so that office projects can move forward.

Q. But you are starting to see the revival of some stalled projects.

A. Yes. The problem is others are being added, so the net number of stalled projects is not going down. The number has been over 600 projects for a couple of years. Mostly it's because of lack of financing. Then the other factor, of course, is demand. It's not what it was. Now it's only starting to come back, and it's mostly higher end.

Q. Let's talk about construction costs.

A. The overall picture is one of costs starting to increase again. They're influenced by, No. 1, the growing demand; No. 2, the cost of labor had not really been reduced significantly despite major efforts to do so; and No. 3, nowhere, except in New York City, do you have the cost of government being as big an influence as it is here.

There are things that government does to increase costs. They have provisions in contracts that no rational human being should agree to.

Q. Really?

A. For instance, they have a clause called "no damages for delay." When you sign a public contract in New York City, you agree that you have no recourse if a public agency delays the project for any reason, for any amount of time. You can't recover those costs. So what do people do? They try to protect themselves. Either they walk away and don't bid, or if they do bid they raise the price.

Q. And your group lobbied to change that?

A. Yes, and we've had some progress. The city is now experimenting with contracts without it.