

Abandoned projects pose new hurricane season challenge

BY MARILYN BOWDEN

Contractors have time-tested plans for tying down projects under construction in advance of a storm, but repossessed or abandoned projects present new challenges.

Normally, said Roberto A. Smith, a principal with MGE Architects, whoever pulled the contract is responsible, and that would be the contractor or, depending on terms of the contract, the bondholders.

"If the bond company is notified that the contractor has left or doesn't exist," he said, "they will need to deal with another contractor — and they are prepared to do that.

"If there is an owner who has stopped for economic reasons, the contractor needs to wrap up and get off the site.

"If the contractor went under, then the question is did the bank require a bond?"

Torre Mackle, a new company formed by veteran devel-



Photo by Maxine Usdan

Developers Venny Torre and Frank Mackle have formed Torre Mackle to specialize in construction services for distressed properties.

opers Venny Torre and Frank Mackle, specializes in construction services for distressed properties, especially in sealing them to preserve and protect the asset, Mr. Mackle said.

For example, they're currently working on Terzetto Villas in Aventura, abandoned last

summer by a developer who ran out of funds. The 62-unit townhome project is about 70% complete, he said. Torre Mackle has been hired by the bank that repossessed the project.

"In this case we will also complete the project," Mr. Torre said. "They have 35 to 40

deposits from buyers who are still indicating they want to go to closing, so it makes sense to them to complete. But each case is different."

"Who is in control of the property is sometimes in dispute," Mr. Torre said. "The bank has most at risk; a developer who is still in control may take responsibility. Lawyers and judges may become part of the equation. It's a question of who has funds available to preserve and protect."

"It's not a clean-cut problem that any contractor can resolve," Mr. Mackle said. "There are subcontractor issues because many times these jobs are stopped because of poor workmanship.

"We help the owners or bank navigate through the whole morass of problems that have typically accumulated around these distressed properties, which are usually full of liens. Hurricane contingencies and incomplete construction

'If there is an owner who has stopped for economic reasons, the contractor needs to wrap up and get off the site.'

Roberto A. Smith

projects are monitored by building departments, said Patrick Busted, construction administrator at the architectural firm Nichols Brosch Wurst Wolfe & Associates.

"Miami Beach has a very good action plan," he said. "All general contractors must publish lists of the critical people to contact for each building. When there's an evacuation order, they make arrangements for offsite communication and make phone calls to subcontractors to access the site as soon as possible for assessment.

Projects that were abandoned are a great risk for everyone, Mr. Busted said. "We can only trust that owners and contractors when leaving a building prepare it in such a way that it would be ready for a storm."

But by the time a project is abandoned, the contractor has most likely not been paid for 60 to 90 days, said Dan Whiteman, president of Coastal Construction, and is not motivated to seal it up before leaving the site.

Many issues need to be taken care of, he said, and they can't be wrapped up at the last minute. "Once it begins storm preparations for ongoing projects as soon as a hurricane is named.

"If a project is not completed," Mr. Whiteman said, "the first thing that should be done is to assure that the owner company has disconnected power to the jobsite.

"Then you need to make sure the water mains are cut off at the road."

Some abandoned projects still have tower cranes and personnel or material hoists on site, he said, in hopes of getting started again soon; they not only need to be secured, but the cranes need to be lubricated so they don't seize up in the wind.

Portable toilets, site trailers, material hoists, tree limbs and loose material need to be removed, Mr. Whiteman said; openings such as windows and shafts should be sealed against water damage, and storm drains cleared of debris.

Even without a storm, Mr. Mackle said, abandoned sites are susceptible to vandalism and mold.

"A project abandoned in the finishing phases, locked up tight with no power, could be full of mold after a few months," he said, "and the whole thing would have to be knocked down."

"Our recommendation would be to set up some sort of dehumidification process to preserve the asset until they determine how to dispose of it."