

Coronavirus slows development pipeline, but not construction



By [Brian Bandell](#) – Senior Reporter, South Florida Business Journal
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Construction sites are still hammering away in South Florida despite restrictions on other industries to prevent the spread of the coronavirus, but many future development projects are facing delays.

The region's large construction workforce has largely escaped the economic pain from the pandemic. The question is whether that will last, as projects in the pipeline experience a slowdown or halt in government approvals.

[Peter Dyga](#), CEO of Associated Builders and Contractors East Coast Florida Chapter, said he's spoken to public officials so they understand the importance of the construction industry and how contractors are protecting their employees from infection. The industry and its suppliers have been exempt from shutdown orders, even in states on lockdown.

So far, there have been no disruptions in the supply chain and most employees are coming to work, he said.

Going into the pandemic, there was a construction labor shortage, and it may get worse. Dyga said ABC had to halt classroom learning for more than 1,000 apprenticeship trainees due to the pandemic. It's working to launch an online learning platform for them, he added.

The digital world is being incorporated on the job site. [Brad Meltzer](#), president of Plaza Construction, said video conferencing has replaced in-person meetings. When people must meet in person, it's done outside and with as few people as possible.

“I’m speaking to many of my staff and the project teams more now than I did before,” Meltzer said.

The coronavirus restrictions are getting tighter by the day. In case new restrictions cause delays in construction projects, construction attorney [Brian Wolf](#), a partner at Smith Currie & Hancock, recommends contractors look at their performance bonds and insurance to see whether a pandemic is an acceptable reason for delay. If there is a delay, they should tell their insurance carrier immediately.

While he hasn’t experienced delays, [Richard Simone](#), president and CEO of Central Consulting & Contracting, said he’s requiring all construction workers to wear safety glasses and dust masks all day, subject to availability, as some sites have had trouble getting them.

Plaza Construction and Central Consulting teamed up to offer free construction management work for Florida health systems that need help responding to coronavirus. Simone’s company recently helped a hospital in New York turn seven beds into isolation rooms.

However, this may not be the best time to start some non-health care projects.

Meltzer said a client asked him to put work on hold for a hotel in Miami that was set to break ground in 30 days. Many hospitality developers want to wait and see what happens.

“Certainly, business will go back to normal. People will stay in hotels and go out to dinner,” Meltzer said. “They might do it a little less, depending on the state of the economy.”

Pipeline blocked

Most municipalities have cancelled public meetings, except in the case of emergencies. Many steps of the pre-development process, including rezoning, site plans, and variances, require public hearings.

[Iris Escarra](#), an attorney with [Greenberg Traurig](#), said the state issued an emergency order allowing public meetings without a quorum of board members physically present. The question is how that will apply to municipal boards, how public comments will be accommodated, and what technology cities will use to implement the meetings.

It is not impossible.

Miami Lakes recently started virtual meetings where members of the public can send video clips of their comments and it has worked well, said [Mario Garcia-Serra](#), a land use attorney at [Gunster](#). Cities have a legal obligation to rule on development applications in a timely manner, so they must address the issue, he said.

“I am extremely impressed and surprised with the effort the municipal and county governments are making to remain open and remained staffed and keep the process going, but inevitably the process is being impacted by the cancelation of public hearings,” said [Javier L. Vazquez](#), an attorney at Berger Singerman. “When a public hearing is canceled, it must be readvertised and rescheduled and that is usually a 60-day event.”

Rezoning applications are often reviewed by multiple departments and agencies, such as the school board, water and sewer, environmental regulation, and transportation. If any of those departments are slowed or shuttered by the pandemic, projects would have great difficulty moving forward, Vazquez said. Some city employees simply have to be in the office to perform these reviews. If there’s a lockdown, that process may not be able to continue, he said.

“I am seeing developers with applications in the pipeline who desire to move forward,” Vazquez said. “But developers considering a new application are in wait and see mode.”

Escarra said the city of Miami's permitting process hasn't skipped a beat with the e-Plan system it introduced in 2018. That fully digitized the permitting process. However, many smaller cities still require plans to be physically submitted and documents to be circulated between departments. In the era of COVID-19, that's a "nightmare" because so many people would have to put their hands on the documents, Escarra said.

"No one knows what happens next," Escarra said. "No industry likes uncertainty."