

Labor/Management Viewpoints : Sooner or later, you'll wish you had the permit

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It happened again recently, the all-too-common frantic call from a building owner caused by an inspector or tax assessor discovering work done without the proper permits.

Now, the hapless owner says, the municipality wants the work ripped out, proper inspections performed and permits taken out. The building owner is understandably upset because of the costs involved. Unfortunately, little can be done.

If the owner just purchased the building and had nothing to do with the improper work being performed, a messy lawsuit looms on the horizon. If the owner commissioned the work, well, it is time to pay the piper.

Occasionally, the problem stems from a contractor shortcut, but the more common cause is that an owner - home, office, commercial or industrial - decided to hire craftworkers directly to save money. These "side-jobbers," as they are known in the industry, can understandably undercut a contractor since they operate without the expenses of a contractor like workers' compensation insurance, unemployment insurance, liability insurance, health insurance, pension expense and other costs the contractor incurs.

Risks outweigh benefits

While this makes the cost to the owner extremely tempting, the risks can far outweigh the perceived advantages. The first problem occurs when the side-jobbers fail to take out the necessary permits. Since side-jobbers don't want to call attention to themselves, permits not only mean a cost savings, they also mean less chance of detection. Years later, when the authorities discover the nonpermitted work, they extract a high price for the violation. Not only are there issues with the missing permit and the lack of inspection, there are often code violations. Bringing everything up to standard is far more expensive than having it done right by a competent contractor in the first place. Of course, the side-jobber is often nowhere to be found.

Other problems can arise when using this method to save money. There may be no insurance to cover liability issues. Paying in cash (another common practice) also provides a host of potential problems, including with the Internal Revenue Service. The owner becomes the contractor in these situations and possibly the employer.

In rare occasions, the owner can incur Occupational Safety and Health Administration citations as the controlling entity on the project.

If owners evaluate their whole exposure completely, the temporary money they might save by hiring craftworkers directly isn't worth the increased risk.

Edward J. Hayden is executive vice president of the of the Allied Construction Employers Association.