

DON'T MISS THE HOME FOR THE NEW ECONOMY, SEE PAGE 50

HEADED FOR IBS?

2010 PRE-SHOW  
PLANNER

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DECEMBER 2009

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# Builder

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## FEATURES

### Active Pursuit

The stock market plunge in the fall of 2008 traumatized the buyers that most builders were still counting on: Baby Boomers. And though they've watched their home values collapse, remarkably, some still want to buy. But what will get them to commit? This month we look at how some builders are successfully rebuilding trust with these buyers, and giving them the homes and the amenities they're looking for. .... 52

### Jump Start Your Business Now

In the second of our new series Ten for '10: Ideas to Build On, we look at 10 ways you can get a head start on getting your business moving again in the early stages of the market recovery. After four long years of downturn, it's time to find new sources of financing and income, time to adapt your product to new realities, and time to embrace change and opportunity. But most of all it's time to just get going. .... 60

### SPECIAL SECTION: 2010 Pre-Show Planner

To help you prepare for the housing event of the year, the International Builders' Show, we've included our annual pre-show planner in this issue. In it, you'll find information about BUILDER's virtual show home and The New American Home, a preview of some of the hot new products that will be at the show, and the NAHB show guide. .... 69

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## Builder Online

### Top Ten

This month, BUILDER Online wraps up the year in stories, from turning points in the housing industry to favorite products and more. Here are a selection of the stories scheduled to run this month: The Coolest Projects of 2009; The Most Popular Stories of 2009; 10 Things to Put in Your Houses in 2010 to Make Them Better; and The Most Significant Stories of the Decade.

### BUILDER TV

Watch our interview with EcoHome editor in chief Rick Schwolsky and architect Edward Mazria, AIA, winner of the inaugural Hanley Award for Vision and Leadership in Sustainable Housing. Hear about Mazria's powerful impact on green building over the last 35 years. [www.builderonline.com/buildertv/](http://www.builderonline.com/buildertv/)

In December, we continue our five-part series chronicling the accomplishments of 30 of the most innovative entrepreneurs in the home building industry. Warren Nesbitt, executive director/residential new construction, hosts the fifth installment in the series, which celebrates BUILDER's 30th anniversary. You can also watch previous installments on BUILDER TV. [www.builderonline.com/buildertv/](http://www.builderonline.com/buildertv/)

COMMENTS, SUGGESTIONS, AND NEWS FOR BUILDER ONLINE?

E-MAIL DENISE DERSIN AT: [ddersin@hanleywood.com](mailto:ddersin@hanleywood.com)

**ON THE COVER:** THE SECOND IN OUR NEW SERIES TEN FOR '10: IDEAS TO BUILD ON OFFERS TEN WAYS TO JUMP START YOUR BUSINESS.

COVER ILLUSTRATION: TIM O'BRIEN



FOR MORE EXCLUSIVE ONLINE CONTENT AND ADDITIONAL STORIES RELATED TO THIS ISSUE'S ARTICLES, VISIT [WWW.BUILDERONLINE.COM](http://WWW.BUILDERONLINE.COM).

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Mon.	7:00	3:30		Brentwood	8
Tues.	7:30	4:00			8 1/2
Wed.	7:00	4:00		Crestview	8 1/2
Thurs.					8 1/2
Fri.					8 1/2
TOTAL HOURS:					41 1/2

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**Bill Kemp**  
Monday, February 8, 2010 - Friday, February 12, 2010

Jobsite Name	Cost Code	Mon	Tues	Wed	Thu	Fri	Total
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Crestview Job	Drywall	--	--	--	7:58	7:49	15:47
		7:38	7:35	7:53	7:58	7:49	38:53

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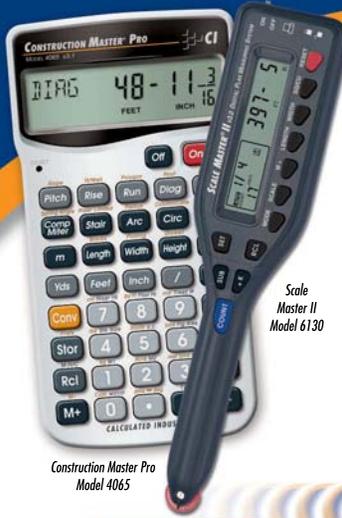
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# Survival Lessons

*For builders who survived the recession, it's time to move into the future.*

**P**AT HAMILL, THE CEO OF OAKWOOD HOMES IN DENVER, set up a company to buy homes at foreclosure, fix them up, and resell them. He developed a new line of smaller, value-engineered homes that now account for 60 percent of sales. He reached deep to pay off his debt early in the downturn. His hard work and perseverance paid off.

"We made money in September," he told a crowd of 120 builders gathered last month for a Denver market outlook seminar, one of six put on by Hanley Wood Market Intelligence. "And we expect to make money through the end of the year. In fact, we are rebudgeting for 2010 and 2011."

Not every builder, of course, is now profitable, but Oakwood Home's achievement is certainly an inspiration. It's also an object lesson in how builders needed to respond to the housing recession.

Hamill has no misconceptions about his most important move. Had he and his business partner not retired bank debt early in the recession, "we'd probably be in some form of Chapter 11 right now."

Indeed, bankruptcy has taken down several large builders in Denver, including Village Homes and Neumann Homes. Centex and Beazer have left town. The silver lining is that Hamill estimates that more than 40 percent of builder capacity in Denver is gone. Through September, Oakwood was the fourth largest builder in town, with 160 sales, accounting for 4.2 percent of the market. "Our market share is up."

## CAUGHT IN THE NET

Unless there's another serious leg down in the housing market, it looks like Oakwood Homes will be a survivor of this long and brutal housing recession. That's more than many large companies can say. Though most housing metrics are improving—existing-home sales have been up five

of the last six months, new-home sales prices are firming, and the economy is growing again—the pace of builder bankruptcies continues unabated. Maryland-based Gemcraft, a company that once built 1,400 homes in a year, is the latest casualty.

Builders throughout the country continue to have trouble gaining access to financing. In Philadelphia, one consultant told the story of a long-time builder who was rejected for a bank loan. But when he signed up some new investors and put their names on a loan application for the same project, he managed to secure financing.

New companies without debt to repay are obviously in a better position to pay

back new loans. In our seminars, bankers told builders that they are giving much more scrutiny to whether a company can pay back a loan should something go wrong. Banks are also looking for builders to put more equity in deals, of course.

## CHARTING A FUTURE

Despite continued difficulty securing financing, the builders at these seminars were pretty optimistic about the future. As our cover story makes clear, survivors are looking for ways to jump start their companies. They are looking for land deals, engaging in social media, targeting unserved demographic slices, and developing new lines of smaller homes.

Moreover, medium- and large-sized companies may be eligible for a cash infusion this winter, thanks to the five-year net operating loss carryback signed into law last month.

It's pretty clear that the companies that stand to benefit most from the comeback worked hard to achieve operational improvements during the recession. Oakwood Homes, for instance, improved its back-office system to the point where it can customize a \$200,000 home, produce it in a factory, and frame it in less than a week.

Despite the operational advantage, Hamill says this may be the last housing recession he goes through. He used to laugh when he'd hear recently deceased housing consultant Lee Evans say if you stay in this business long enough, you'll go broke. "I'm now convinced he was right."



*Boyce Thompson*

BOYCE THOMPSON  
Editorial Director

e-mail: bthompson@hanleywood.com

## If You Paid An "Environmental Fee" To NationsRent And/Or Sunbelt For Renting Equipment, A Lawsuit May Affect Your Rights

United States District Court for the Southern District of Florida  
*In re NationsRent Rental Fee Litigation*, Case No. 06-60924-CIV-BROWN

**TO: All persons who rented equipment from NationsRent  
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The United States District Court for the Southern District of Florida has preliminarily approved a settlement on behalf NationsRent, Inc., and Sunbelt Rentals, Inc. ("Sunbelt") (collectively, "Defendants") for customers who paid an environmental fee to Defendants. Plaintiffs have agreed to settle the Action by, among other things, granting a release of all claims that were or could have been asserted in the Action in exchange for Sunbelt's incorporation of supplemental disclosures in its rental contract. You may inspect the complete Settlement Agreement, the Complaint, and other papers filed in the Action at the office of Steven M. Larimore, United States District Court Clerk's Office, 400 North Miami Avenue, 8th floor, Miami, FL 33128, during regular business hours.

A hearing will be held on March 31, 2010 at 10:00 a.m. at the Court ("Fairness Hearing") to determine the fairness, reasonableness and adequacy of the Settlement. At the Fairness Hearing, the Court will also consider the proposed Fee and Expense Award of \$1,100,000.00 to Plaintiffs' counsel, and an incentive fee award of \$2,500.00 to plaintiff David Jacov.

The Settlement will become effective upon final judicial approval. Any Settlement Class Member, i.e. *persons who rented equipment from NationsRent between June 1, 2003 and August 30, 2006 and Sunbelt Rentals between May 28, 2004 and May 28, 2009 and paid an "Environmental Fee" (excluding Defendants and their affiliates)*, may appear in person or by attorney at the Fairness Hearing and show cause, if any, why the Settlement should not be approved; why a mandatory class of NationsRent and Sunbelt customers (as defined above) should not be certified; why a judgment dismissing the Action with prejudice against the Defendants should not be entered and Plaintiffs' claims against the Releasees should not be barred permanently; why the proposed Fee and Expense Award to Plaintiffs' counsel should not be approved; and/or why David Jacov should not receive an incentive fee award. Before the Court will consider an objection, such objection must be in writing and include reference to *In re NationsRent Rental Fee Litigation*, Case No. 06-60924-CIV-Brown, the objector's name, address, telephone number and signature; such person's objections, if any, to the matter and the basis therefore, together with any documentation that such person intends to rely upon at the Fairness Hearing and must be accompanied by formal proof that the objector paid an Environmental Fee during the class period. **Any written objection must be filed with Steven M. Larimore, United States District Court Clerk's Office, 400 North Miami Avenue, 8th floor, Miami, FL 33128 by March 15, 2010.** Any written objection also must be served upon the following and **postmarked by March 10, 2010:**

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Service of papers on counsel must be by first-class mail, hand delivery, or overnight courier service. Consideration of any award of attorneys' fees and expenses to Plaintiffs' Counsel shall be separate from the Court's consideration of the fairness, reasonableness and adequacy of the settlement to class members. If you are a Settlement Class Member and do not submit a written objection in accordance with the above requirements, you will have waived any and all objections and shall forever be barred from making any objection to or otherwise challenge the Settlement, the final judgment dismissing the Action, or any other proceedings in the Action.

**Please Do Not Contact The Court Concerning This Notice.**

**By Order of the Court Dated: October 8, 2009**

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# INSIDE STORY

## Inside:

### 16 Buy Back

Toledo builder looks for funds to repurchase its own communities

### 18 On the Level

Local builder takes up where national builder left off

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COMMENTARY AND ANALYSIS OF CURRENT EVENTS ■ EDITED BY JOHN CAULFIELD



## REGULATORY WRANGLING

# Missouri Compromise

*Builders and fire service officials reach accord on sprinkler option for new homes.*

**F**OR THE NEXT TWO YEARS, MISSOURI builders must, by law, offer buyers the option of having fire sprinklers installed during construction.

Give and take between builders and fire service officers, which helped guide this “mandatory option,” could set a precedent for mediating what has long been a contentious issue between the two groups across the country, especially after the In-

ternational Code Council included a sprinkler mandate for new one- and two-family dwellings in its 2009 International Residential Code, effective Jan. 1, 2011. But both parties agree that sprinkler demand is likely to remain tepid unless manufacturers do a much better job of creating a market for their products.

Until that happens, adding the extra layer of home safety that sprinklers provide

will depend mainly on buyers’ willingness to pay for installation, which builders and installers in St. Louis say can add up to \$7 per square foot to the price of a new home.

Adding sprinkler systems to new houses in St. Louis is expensive for several reasons. Most homes there have basements, so a system would need to cover more square footage. St. Louis is a union town, and higher-priced labor increases (see page 16)

ROY SCOTT

the final cost. And private companies that manage St. Louis' water supply require sprinkler systems to have separate water lines and meters, which can add up to \$5,000 to the cost of installation.

Missouri's law, which is in force through Dec. 31, 2011, gives consumers the right to

accept or reject the sprinkler option. "The thrust of the bill is to allow the buyer the right of choice," says Patrick Sullivan, executive vice president for the HBA of St. Louis and Eastern Missouri.

The compromise hammered out between the state's HBAs and its Fire Service

Alliance (FSA) holds builders responsible for helping to educate buyers about the safety benefits of sprinklers. So the two groups developed a brochure that gives basic information about fire sprinklers and attempts to dispel myths about them.

"The compromise lays (see page 18)

## CONSTRUCTION FINANCING

### Not Lying Down

*A Toledo builder attempts to raise cash to buy back foreclosed communities.*

**W**ATERSIDE HOMES WAS HUMMING along in 2004 and 2005, building 100 homes per year, which represented 10 percent of the total residential construction in greater Toledo, Ohio.

Business tailed off since those heady days, and then came to an abrupt halt last March and June, when Huntington National Bank, Waterside's primary lender, decided not to review loans totaling more than \$12 million. CEO Duane Ankney says Waterside borrowed that money to develop active adult communities called Waterside Monclova and Waterside Sylvania, with about 1,230 combined home sites.

Ankney and his partners didn't curl up into a ball when they lost their financing; they are in the process of trying to raise \$3 million in private equity to try to buy back those properties.

A 32-year real estate veteran, Ankney says his company secured a \$4 million credit line in 1999 to purchase land for Monclova, with 629 homesites. Through October 2009, Waterside has seven of Monclova's remaining 45 developed lots under construction and 75 undeveloped lots left. The revolver had \$3.8

million revolving credit line in 2006 to launch Waterside Sylvania, with 600 lots. "Our timing was perfect," Ankney laughs ruefully, as Toledo's housing market was then unraveling. Waterside has developed only two plats with 57 lots, but has installed the clubhouse and pool. Waterside's partners paid \$2.2 million in guarantees on this credit line, which had \$6.5 million left on it when Huntington pulled the plug.

When the builder bought land for Sylvania, Huntington appraised it at \$8.5 million. After the housing market collapsed, it reappraised the property at \$5.5 million. Ankney now thinks the value of Monclova and Sylvania could be

as low as \$1 million to \$1.5 million each. Huntington, he says, has disputed his estimates, but won't disclose its own latest appraisals.

The builder took another \$8.5

In October, Ankney told BUILDER his company's next move was to go to court to force the bank to release those figures. A spokesperson for Sharon Speyer, president of Huntington's Northern Ohio region, said the bank's policy is not to comment about client relationships.

To repurchase Monclova, Waterside brought in joint-venture partners who would receive undeveloped acres on which they plan to build independent senior housing and assisted living facilities. For Sylvania, the builder is tapping two longtime trade partners.

Ankney believes the bank will eventually relent, and possibly sooner than later because, he reasoned, it wants to get these properties off of its books by the end of its calendar year. He's also confident that

demand for active adult housing will bounce back because "that buyer has worked all of his life to live in an exclusive lifestyle community, come hell or high water." (Waterside mothballed its third community, Bowling Green, after building seven homes there in 2007.)

While waiting for the rebound, Ankney says he's been dealing with a 2 1/2-year-old spec home he built in Florida. "I recently found out it's full of Chinese dry-wall. When it rains, it pours."—J.C.



**IN LIMBO:** Waterside Homes features its Catalina line, pictured above, in two communities it is attempting to repurchase from its lender Huntington National.

PHOTO: COURTESY OF WATERSIDE HOMES



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the groundwork to move forward,” says Greg Brown, chief of the Eureka, Mo., Fire Protection District. “We’re taking baby steps in an environment of cooperation.”

The law requires builders to submit a form to prove they offered the option. The form also asks buyers why they did or didn’t purchase a sprinkler system. “If all we did was abide by the state’s law, we’d learn nothing,” says Herb Lesser, who owns MLS Homes and chairs the St. Louis HBA’s fire sprinkler subcommittee. “This agreement allows us to get the facts” about consumers’ decisions.

Cost data are scant because few sprinklers have been installed in homes in this area. An HBA spokesperson says she’s seen estimates of \$7.17 per square foot for systems connected to well water. “No one knows, starting out, what to charge,” says Dennis Coleman, president of the St.

Louis-based installer Engineered Fire Protection, and vice chairman of the National Fire Sprinkler Association. He and other sources believe that as more systems get installed, prices should come down.

But will enough buyers see past the expense to accept the benefits of installation? Initial evidence suggests this will be a tough sell. Sullivan told BUILDER in late October that only one out of the first 100 forms his HBA received from builders had a buyer who chose the purchase option, and that buyer later backed out.

Michael Mahler, business manager for the Sprinkler Fitters Union Local 268, agrees that finding out why buyers will or won’t purchase sprinklers is useful. “If it comes down to the fact that [union fitters] can’t compete, we’ll have to deal with that.”

MLS Homes charges \$3 per square foot for sprinkler installation, with no profit,

Lesser says. He thinks most buyers will view sprinklers as nonessential until manufacturers change their perceptions. Larry Boyle, chief of the Fenton, Ill., Fire Protection District and FSA’s president, says his group is working with installers to conduct demonstrations for consumers and is talking with water suppliers and insurers about cost savings and incentives.

Brown and Boyle suggest that one more-affordable solution could be a product ITT makes called the 13D Home Defender. A water tank that homeowners can fill using a garden hose feeds a pump-driven system, thereby eliminating the need to connect to a municipal water supply. The Home Defender costs \$2,500, so a sprinkler system with plumbing and heads conceivably could be installed in a new home in St. Louis for under \$10,000, or \$6,000 less than a conventional system.—J.C.

## LOCAL MARKETS

# Picking Up the Pieces

*A Baton Rouge-based builder gains after one giant partner stumbles.*

**W**HEN KB HOME ROLLED INTO Louisiana in 2005, it was like manna from heaven for at least one company. Baton Rouge, La.-based Level Construction and Development signed a deal that year with the national builder to develop 212 single-family lots in a neighborhood called Lakes at Stonegate.

KB’s dream of single-handedly rebuilding New Orleans and becoming a dominant force in Louisiana never materialized, though. The state’s tight permit policies didn’t suit its business model, and KB finished only about 200 homes before exiting the market in 2007, according to the New Orleans *Times-Picayune*. That decision, however, didn’t set Level back as much as one might have expected.

After completing the neighborhood’s infrastructure, Level began selling finished lots to KB in January 2006 for \$52,000 per lot. Todd Waguespack, Level’s president, says KB had agreed to take down 15 homes per quarter, which shrank to eight for a few

quarters and then stopped altogether. Level ultimately released KB from its purchase agreement and bought back the lots it sold for \$20,000 each.

Level took up where the giant builder left off and closed its first homes in this neighborhood in the spring of 2007. It’s pretty much building the same houses KB would have—ranging from 1,350 to 2,300 square feet and from \$179,000 to \$200,000—but without extras.

“KB would offer close to 1,000 options; we’ve narrowed that to about 30,” says Waguespack. In the process, Level also shortened its cycle time to around 90 days, from 150 before the recession, to ensure it could deliver homes when customers want them.

The builder is converting about three-fifths of its shoppers into purchasers, but it’s av-

eraging less than two sales per month in this community. The builder may be on track this year to increase total production by 5 percent to 84 homes. What worries Waguespack, however, is the stifling credit crunch that continues to choke home buyer demand and threatens private builders’ growth.—J.C.



**BASIC BOXES:** Level Construction builds the same home KB Home would have, but with far fewer options.

### GOT AN INSIDE STORY?

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# SUCCESSSTORIES

INNOVATIVE IDEAS WITH PROVEN RESULTS ■ EDITED BY JENNY SULLIVAN



**LOW KEY:** Located within walking distance of downtown Fort Lauderdale, Fla., the market-rate units (mostly townhomes stacked on top of condo flats) complement the neighborhood with Key West-style architecture.

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*A unique infill deal perfects the art of placemaking.*

**T**HE CLASSIC GENTRIFICATION STORY goes something like this: Artists discover a derelict urban area and make it cool, word gets out, developers pour money into revitalization, prices escalate, yuppies move in, and the artists end up displaced because they can no longer afford real estate prices in the area.

That's not what happened at The Village at Sailboat Bend, a redevelopment project in one of Fort Lauderdale, Fla.'s oldest neighborhoods. Not only have artists held their ground in this historic district, they are considered one of its finest assets.

Ensuring their place, however, required a little unorthodox thinking on the part of Lennar Homes, the Broward County Cultural Division, the city of Fort Lauderdale, and Artspace, a Minneapolis-based nonprof-

it specializing in affordable artist housing.

When Lennar first entered the picture, the Sailboat Bend proposal seemed doomed. "The original proposal [for artist housing] had been sitting for eight years because it was not economically feasible," says Lisa Maxwell, Lennar's then-director of redevelopment for the South Florida region. "It required a huge amount of public subsidy that no one was interested in funding." Other for-profit builders had taken a pass, assuming the financing and the politics would prove too much of a headache. The 13.5 acre site had issues of environmental contamination (it included an old military barracks), a protected archaeological area and eco-habitat, a decrepit but historically significant old school building (which could not be razed), and a municipal (see page 22)

### LOCATION: FORT LAUDERDALE, FLA.

- **Community:** The Village at Sailboat Bend
- **Total acreage:** 13.5
- **Date opened for presales/leasing:** 2003 (market-rate for-sale units); 2008 (affordable rental units)
- **Product:** 213 market-rate townhomes, condo flats, and single-family homes; plus 37 live/work rental lofts (one-, two-, and three-bedroom units, ranging from 930 square feet to 1,700 square feet) for income-qualified artists
- **Price range:** \$199,000 to \$465,000 (market-rate homes); \$500 to \$1,000 per month (rental loft units)
- **Sales to date:** Sold out/fully rented
- **Developers/Builders:** Lennar Homes, Miami; and Artspace, Minneapolis
- **Architect:** Zyscovich Architects, Miami

# SUCCESSSTORIES



**ART APPRECIATION:** The loft building is horseshoe-shaped to draw natural light inside and includes public gallery space on every floor.

requirement that 15 percent of the land be set aside as protected park space. Public opposition to higher housing densities was also a factor; any developer brave enough to venture forth would have to defer to the scale of surrounding neighborhoods.

But in the end, the \$13 million effort proved an example of perfect symbiosis. Lennar purchased the site in its entirety and then donated an acre of it—complete with easements and infrastructure—to Artspace to create 37 live/work artists' lofts. With that donated acre came the old West Side School building (circa 1928), which is currently being rehabbed to serve as a new headquarters for the Broward County Historical Commission. A 99-year lease on the building will provide further funding to bankroll construction of the artist lofts.

Meanwhile, the promise of a thriving arts scene helped Lennar secure permits and sell out the 213 market-rate units (condo flats, townhomes, and a sprinkling of single-family homes) through a series of rolling releases, well before the artist lofts even broke ground. "The lofts definitely contributed to the cachet on the market side and helped sell the for-sale units," says Maxwell. And the city is happy, given the site plan includes a two-acre park with a raised boardwalk to protect old-growth mangroves and the archaeologically significant riverbank.

By the time the art lofts opened in 2008,

more than 200 local artists had applied for rental space, and 37 live/work studios were awarded to painters, sculptors, and performance artists making 50 percent to 60 percent of the area median income (no more than \$34,800 annually). As part of the vetting process, artist candidates had to demonstrate an established portfolio, business plan, and history of community involvement.

Now a community gathering spot, the three-story, courtyard-style loft building includes shared exhibition spaces on every floor. Live/work units feature 11-foot ceilings, tinted concrete floors, large windows,



**BLANK CANVASES:** Rooms inside the live/work units are open, but not prescriptive, so each artist can decide how to delineate his or her studio versus personal space.

and open plans that allow artists to decide for themselves which areas they want to designate as studio space versus living space. Gallery openings are held frequently. One painter in residence offers free art therapy classes for kids with autism.

Architect Suria Yaffar, whose firm, Zyscovich Architects, designed the artist lofts as well as the market-rate units, says earmarking resources for arts incubation has proven more beneficial than any pool or clubhouse might have been. "Developers are always trying to define the types of amenities they need to provide. The amenities in this case have become community assets," she says. "You get a park, a beautiful historic renovated building, you become part of an established historic community, and you have the arts community."

Maxwell, who has since left home building to parlay her political savvy into developing charter schools, agrees.

"There is a mythology among builders that if things look complicated they need to be avoided because you're not going to make money on infill projects anyway. Not true," she says, noting that Lennar's margins for Sailboat Bend topped 30 percent.

"It's just that where you have strong no-growth sentiment, the community is exacting in expecting a return—that you are going to leave the place better than you found it."—J.S.

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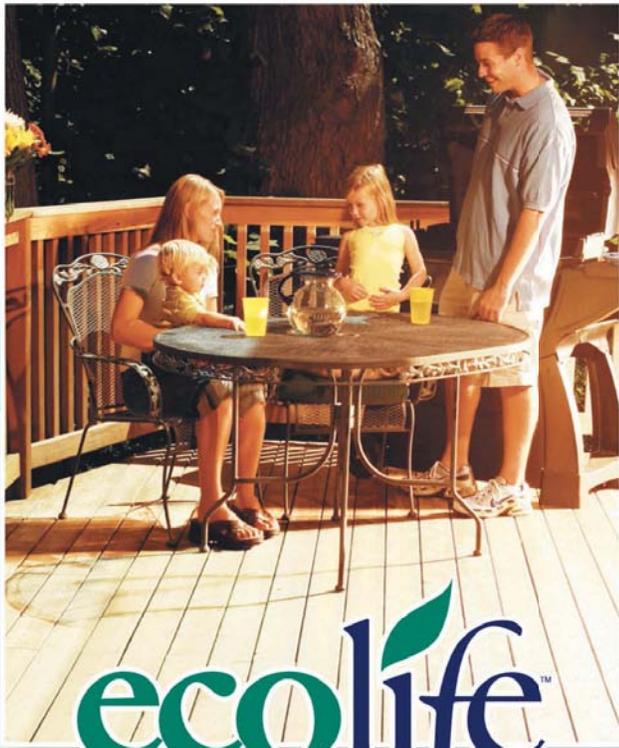
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# GREEN HOUSE

## Inside:

**30 Slow Growth**  
Why EEMs haven't taken hold

**32 What a Concept**  
Virtual show home exemplifies sustainability and performance

**PLUS MORE >>**

SUSTAINABLE DESIGN, CONSTRUCTION, PRODUCTS & SALES ■ EDITED BY RICH BINSACCA



**NEIGHBORHOOD FIT:** Traditional styling combined with a high level of performance is expected to appeal to a wider audience and enable New World Homes to fit seamlessly into infill locations.

## FACTORY-BUILT GREEN

# Mod Generation

*New World Home offers traditional house styles that combine off-site building with high-level performance.*

**M**ODULAR HOUSING ACCOUNTED FOR ONLY about 3 percent of new homes built last year, but the founders of start-up New World Home think they have the formula to push their version of off-site construction into the mainstream.

Simply, co-founders Mark Jupiter and Tyler Schmetterer have combined a vast library of traditional home styles with a spec list that uses LEED for Home Platinum as a benchmark. New World houses are "LEED-certifiable," says Jupiter, and at a minimum are designed to achieve HERS ratings below 50 and reduce energy use by half and water con-

sumption by perhaps 20,000 gallons a year, among other benefits. "This is architecturally accessible green building," he says, as opposed to modern-styled homes that seem to dominate the übergreen landscape. "Our homes are designed to fit in and deliver a very high level of performance."

The company's comprehensive list of standard product specifications includes Energy Star-rated appliances, dual-flush toilets, GreenGuard-certified surfaces, and no-VOC paint. All homes are designed to meet various national (and thus likely regional and local) green building guidelines and certification standards without requiring (see page 30)

## SAVE Green

**T**he new ICC-Evaluation Service (ES) Sustainable Attributes Verification and Evaluation (SAVE) program ([www.icc-es.org/save](http://www.icc-es.org/save)) provides a directory of reports for various building products categories verifying their sustainability and determining how products may qualify for points within multiple green building rating systems. The free, downloadable reports also provide building professionals with an easy way to see how specific, approved products fit into complex areas of green building, such as life-cycle assessment. "The reports are intended to provide additional assistance to builders, designers, specifiers, code officials, and manufacturers," says Steve Thorsell, ICC-ES director of special projects.

## Logging In

**S**olar hot water (or solar thermal) systems are proving to be effective for domestic water radiant floor space heating, especially when supplemented by a high-efficiency backup system connected to the power ▶

grid. But installing the collectors is just the first step to realizing their energy-saving benefits. "Optimizing Solar Thermal Performance with Data Loggers," a white paper from Onset ([www.onsetcomp.com/solar](http://www.onsetcomp.com/solar)) provides



insight into how its portable data loggers can help optimize solar thermal to deliver better returns on investment. The white paper is offered as a free download, but you must first register on the Onset site to get it.

## Get Smart

**G**E Consumer & Industrial ([www.ge.com](http://www.ge.com)) is piloting a new line of major home appliances that provides two-way communication and advanced energy management functionality. The line was developed specifically for new buildings in Masdar City in the UAE capital of Abu Dhabi—which is striving to become the world's first carbon neutral, zero waste city—to help reduce power demand in response to notification of changing utility prices and energy demand. The appliances also will measure and transmit real-time power consumption data to an in-home display. The appliances will be installed in the Masdar Institute of Science and Technology ▶

a renewable energy component, such as solar or geothermal.

In fact, a New World house built in Georgia not only was the state's first factory-built home to become LEED certified, but also the first house of any kind to achieve that status without resorting to a renewable energy spec. "The core of the house reaches those levels," says Schmetterer of various green-home rating systems, adding that the homes are also prewired and preplumbed to accept renewable energy systems after delivery. "If a house is designed and engineered properly, those costly technologies shouldn't be needed [to gain certification]."

Jupiter and Schmetterer also have factored occupant behavior into their New World model. "If there's no change in the buyers' behavior after buying one of our homes, the house will still achieve its base levels of performance," says Jupiter, noting studies that have shown that simply buying green does not necessarily translate to living greener.

But owners are encouraged to optimize the performance of their New World home to go beyond its baseline performance—a nudge the company provides with optional energy monitoring systems that report electrical power use via a wireless connection from the service panel to a *(see page 32)*

## GREEN FINANCE

### Pushing EEMs

*Despite the growth of green building, energy-efficient mortgages can't gain a foothold.*

**O**F THE MORTGAGE LOANS insured by FHA/HUD in fiscal year 2009, about 3,000 or nearly \$600 million in loan balances took into account the monthly utility savings achieved by incorporating energy-efficient features such as high-performance windows and heating systems. In other words, energy-efficient mortgages (EEMs).

That might seem like a lot—and, in fact, it represents a 146 percent increase over the previous year—but EEMs still account for less than 1 percent of the 3.2 million FHA-insured mortgage loans in 2009. A decade ago, the share of EEMs relative to all FHA loans was about 1.5 percent.

Meanwhile, almost 17 percent of single-family homes built in 2008 were Energy Star certified, and a recent McGraw-Hill Construction study (with NAHB and others) reported that 21 percent of builders expect to build 90 percent of their homes to a higher environmental standard.

So why aren't EEMs taking a greater hold, especially now

that green is nearly mainstream and a growing network of HERS raters is at the ready to verify the performance and utility cost savings required by FHA, Fannie Mae, and Freddie Mac to insure EEMs? "Primarily, it's a lack of training and knowledge among brokers, originators, processors, and underwriters," says Dale Porter of Porterworks in Stanwood, Wash. "And real estate agents haven't embraced them because EEMs add paperwork and time, which adds risk."

Porter, a former mortgage lender and broker (most recently with Countrywide), launched Porterworks to help educate the masses about EEMs. The company recently announced in-house GreenLending Specialist and GreenValuation Specialist designations for members of the home building, appraisal, and lending supply chain that can be attained through two-day, on-site classes offered nationwide. In August, he

presented a webinar sponsored by the Appraisal Institute for its members. "The company was really born out of frustration," he says, with the lack of activity, interest, and utilization of a program that's been available since 1980.

That being said, there are pockets where EEMs are showing signs of greater life. "All of a sudden, it's come up more often," says Kenton Brown of Sente Mortgage in Austin, Texas, the unofficial birthplace of green building. Brown attributes interest specifically in the FHA's 203k program for resales to buyers snatching up homes they can improve with mortgage funds instead of separate financing. He also says new FHA rules regarding limits—from a stagnant \$8,000 to now 15 percent of the appraised value—have made the program more accessible. "It's a cool little niche that most [in the mortgage lending industry] don't know how to do."—R.B.



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in early 2010 and 10 of the institute's 100 residences will participate in the two-year pilot project.

## Survey Says ...

**H**ome buyers remain unwilling to pay much of a premium for resource-efficient housing, according to a recent survey of NAHB members. Participating builders reported that 57 percent of their home buyers are unlikely to pay more than an additional 2 percent on top of the sales price for green features. "When buyers prepare to sign on the dotted line, cost-effectiveness clearly drives their decisions," says NAHB chairman Joe Robson. In addition, only 11 percent of builders nationwide indicated that their customers ask about environmentally friendly features. Meanwhile, more than 400 new



homes, developments, and remodeling projects have been certified under the NAHB Green rating system since its inception in January 2008.

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TO READ MORE STORIES ON GREEN BUILDING, GO TO [WWW.BUILDERONLINE.COM/GREEN](http://WWW.BUILDERONLINE.COM/GREEN).

display screen in the house. "They challenge themselves to consume less energy when they see how much they've been using," says Jupiter—on average, he says, by 36 percent.

To keep their manufacturing costs in check (or lower them to achieve price points below their stated average of \$500,000), Jupiter and Schmetterer know they need to create a critical mass of demand that puts manufacturing of the New World Home series on a production scale ... something the modular industry has largely failed to do so far.

The plan is to license builders in exclusive sales territories and equip them with "design and educa-

tion" (instead of "sales") centers to build awareness and flatten the learning curve (and stigma) of factory-built housing. "Unenlightened design and ignorance are what's been stopping modular," says Jupiter. "We confront those issues head-on."

The company expects to announce 10 such licenses in the first quarter of 2010. It also has consumer co-branding deals in the works and is targeting affordable housing agencies and student housing projects, as well. In addition, the company will alter its plans to custom-design a portfolio for licensee's market-rate price point. Says Jupiter, "We think we have a transformational model."—R.B.

## BUILDER CONCEPT HOME 2010

# No-Maintenance Myth

*Our virtual home designer and building scientist weigh in on defining true sustainability.*

**T**HE MOST SUSTAINABLE home is one that you care enough to maintain over time," says Miami-based residential designer Marianne Cusato. "The promise of a 'no maintenance' home or product is a myth, and it actually undermines sustainability."

For Cusato, whose Katrina Cottage concept has become popular along the rebuilding Gulf Coast, sustainability has less to do with a menu of energy- and resource-efficient materials than it does with creating housing that the owners want to—and can—repair and refinish to keep it fresh and performing well. "You can have all the green products in the world, but if the house can't be maintained and wears out after 25 years and has to be replaced, that's not sustainable," she says.

This relatively new angle on sustainability, shared by architects and builders who appreciate a time when window panes could be replaced without buying a

whole new window, is a backlash against a generation of products and systems bent on relieving homeowners of the burden of home maintenance.

That sentiment is echoed by buildingscientist Mark LaLiberte, who is partnering with Cusato and building expert Fernando Pages to launch the Home for the New Economy, a series of designs that deliver livable, adaptable, buildable, and sustainable housing for a new economy of thrift, not excess. "Building science isn't a checklist," LaLiberte says, comparing the concept to green building. "It's an approach to building that improves overall performance and considers the occupants while lowering costs."

While Cusato and her team obviously hope the

Home for the New Economy series resonates with builders and buyers on a mass-market scale (communities in upstate New York and in South Carolina have already taken the plunge), she's also building a virtual version of the concept (in cooperation with BUILDER) to help spread the word (to pre-register, go to [www.builderconcepthome2010.com](http://www.builderconcepthome2010.com)).

Simply, Cusato is hoping to rekindle the value of homeownership beyond price appreciation and resale potential. "We need to get back to owners participating in their homes, not just living in them," she says.—R.B.



**GLIMPSE THE FUTURE:** The Home for the New Economy will debut exclusively online, with narrated and photo-realistic virtual tours, at the 2010 International Builders' Show and remain open through June 2010.

**GOT GREEN PROJECTS, PRODUCTS, OR DESIGNS?**

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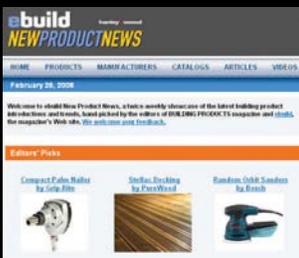


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# PRODUCTS

PRODUCTS AND TOOLS EVERY BUILDER SHOULD KNOW ABOUT ■ EDITED BY NIGEL F. MAYNARD



**WATER MISER:** Designed for water conservation, the Wicker Park bathroom suite includes high-efficiency toilets and bathroom faucets, among other items. Toilets use 1.28 gallons of water per flush, and the WaterSense-rated faucets operate at 1.5 gallons per minute. Faucets are available in chrome and brushed nickel. ■ Gerber Plumbing Fixtures. 630-754-0278. [www.gerberonline.com](http://www.gerberonline.com). Booth Nos. C4813 and C5412.

## Product Search

*The worst appears to be over, so it's time to get back in the game.*

**T**HERE'S NO DOUBT ABOUT IT; 2009 WAS a brutal year. With the credit freeze, a world economic recession, and record unemployment, it was likely the worst economic year in most people's lives. Still, there is hope.

Though the job market continues to be dismal, *The New York Times* reported on Oct. 29 that the nation's GDP expanded at an annual rate of 3.5 percent in the quarter that ended in September. Credit has loosened some, and the housing market is starting to thaw, albeit slowly and cautiously.

The question is: How do you prepare for the new housing market that's just around the corner? Research, research, research. And there are few places better for such an undertaking than the International Build-

ers' Show (IBS), which is once again setting up shop in the Las Vegas Convention Center in January.

You can expect manufacturers' product introductions to mirror the cautious optimism of the overall market with items that are useful and interesting, yet sedate. The introductions have practical applications for buyers and consider both the environment and the wallet. In fact, energy conservation and sustainability play prominent roles in the products at IBS 2010.

Consider the 4-inch compact fluorescent downlights that Cooper Lighting has added to its popular Halo line. The line clearly has energy efficiency in mind; they're also designed to prevent airflow between living areas and the attic.

Owens Corning says its Innovision is the first fiberglass window made without mechanical fasteners and will come with low-E, argon-filled, double-pane insulated glass as a standard offering. Ply Gem's newly expanded Mira Premium Series aluminum-clad window line will feature low-E glass and argon fills to meet Energy Star thermal requirements in all climate zones. And Gerber Plumbing Fixtures will unveil a new collection of Wicker Park high-efficiency toilets and low-flow bathroom faucets.

No one knows for sure what will happen with the economy, but that's no reason to be uninformed. This is a time for discovery and learning. Here, then, are some buzz-worthy picks to check out at the show next month. *(see page 36)*

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FOR MORE PRODUCT INFORMATION, VISIT EBUILD, HANLEY WOOD'S INTERACTIVE PRODUCT CATALOG, AT [WWW.BUILDERONLINE.COM/PRODUCTS](http://WWW.BUILDERONLINE.COM/PRODUCTS) OR [EBUILD.COM](http://EBUILD.COM).



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# PRODUCTS

**CLEAN LINES:** The manufacturer is introducing square profiles to its wood window line to help achieve the look found in authentic Craftsman-style bungalows. Available for both glazing beads and performance divided lite bars, the square profiles offer clean lines and flat contours. Profiles are available on a variety of windows including awning, case-ment, and radius. ■ Kolbe & Kolbe Millwork Co. 800-955-8177. [www.kolbe-kolbe.com](http://www.kolbe-kolbe.com). Booth no. N2645.

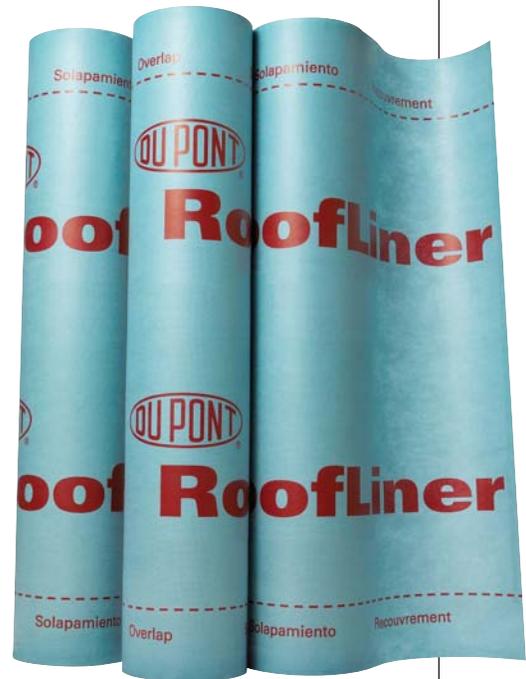


**VINYL ANALYSIS:** Foundry Stone siding may look like the real deal but it's actually made from vinyl. It costs roughly 50 percent less than stone veneer, but it hangs exactly like traditional vinyl siding with a locking system to secure installation. Panels come in 5-foot lengths and are available in several colors. ■ The Tapco Group. 800-771-4486. [www.foundrysiding.com](http://www.foundrysiding.com). Booth no. C3513.



**PROOF POSITIVE:** Designed for metal connectors requiring 1 1/2-inch nails, the Positive Placement tool weighs under 6.4 pounds and has a compact design for easy maneuverability in tight spaces. It features a probing tip to easily locate metal connector holes, aluminum housing for durability, and a nail lock-out mechanism that engages when four nails are left in the magazine. ■ Paslode. 800-222-6990. [www.paslode.com](http://www.paslode.com). Booth No. C5055.

**FULL COVERAGE:** This barbecue grill hood is specifically designed to meet the needs of an outdoor kitchen. Unlike most hoods, which measure 27 inches from front to back, this unit is 32 inches deep to provide full grill coverage. The stainless steel product has dishwasher-safe baffles and comes in 36-, 48-, and 60-inch widths. ■ Denver. 888-441-0537. [www.denver.com](http://www.denver.com). Booth no. N1014.



**LINER NOTES:** RoofLiner is a lightweight synthetic roofing underlayment that's designed to offer protection against leaks and resistance to mold. Made from Elvaloy AC copolymer, the product is engineered for use with all types of roofing including asphalt shingles, concrete, and standing seam metal. It measures 48 inches wide by 250 feet long. ■ DuPont Building Innovations. 800-448-9835. [www.roofing.dupont.com](http://www.roofing.dupont.com). Booth no. C3311.



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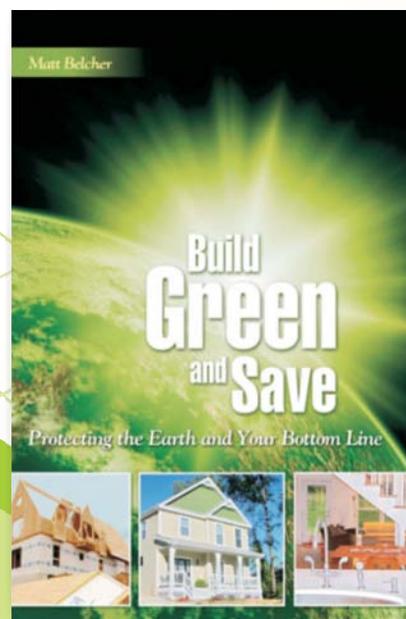
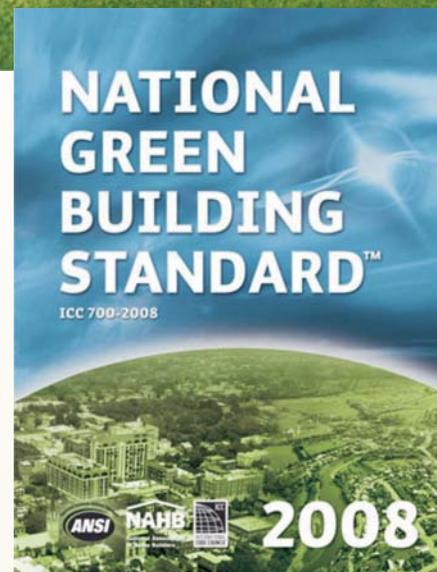
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**PARALLEL UNIVERSE:** The newly enhanced Parallam Plus parallel strand lumber features Wolmanized preservative for protection against termites, fungal decay, and rot. It's compatible with galvanized fasteners and ideal for unprotected exterior applications in high moisture conditions. ■ iLevel by Weyerhaeuser. 888-453-8358. [www.ilevel.com](http://www.ilevel.com). Booth No. C4083.



**RECYCLING CENTER:** Designed for durability, the MoistureShield Vantage Collection is a new wood-plastic composite decking that is made from a minimum of 30 percent post-consumer recycled content and 60 percent pre-consumer content. The manufacturing process encapsulates recycled wood fibers in recycled polyethylene plastic. Planks measure  $\frac{5}{4}$  inches by 6 inches and have an embossed wood grain on both sides. ■ Advanced Environmental Recycling Technologies. 866-729-2378. [www.moistureshield.com](http://www.moistureshield.com). Booth no. N1831.



**LOOK SEE:** The manufacturer has expanded its Mira Premium Series aluminum-clad window line to include extended eyebrow, quarter eyebrow, half round, and quarter half round in operating and stationary options. Each style will be available in eight clad colors with the same hardware and grille options offered in the existing collection. Low-E glass and argon help the units meet Energy Star thermal requirements in all climate zones. ■ Ply Gem. 919-677-3900. [www.plygemwindows.com](http://www.plygemwindows.com). Booth no. C3343.



**CUT THIS WAY:** SawGear is a portable automated length-measuring system for chop saws. The user attaches the product to a miter saw at the jobsite, enters a dimension on the panel, pushes the stock against the stop, and cuts the board. It's accurate to  $\frac{1}{128}$  of an inch. ■ New Bedford Tool Co. 503-914-4401. [www.sawgear.com](http://www.sawgear.com). Booth no. N2371.

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**OUTSIDE SLIDER:** The Aluminum Sliding Glass Door Series 670 is engineered so that builders and installers may reconfigure the door in the field with minimal time and cost. Door panel interlocks are interchangeable and reversible and can be switched from a standard stack to a reverse stack. It is available in configurations from one to eight panels in bypass, pocket, or corner doors. Sizes range from 6 feet 8 inches up to 10 feet tall. ■ [PGT](http://www.pgtindustries.com). 800-284-6019. [www.pgtindustries.com](http://www.pgtindustries.com). Booth no. C1526.



**DOOR WAYS:** To create a consistent look, the manufacturer has added solid wood 1 3/4-inch interior doors to complement its entry line. The doors come in seven architectural styles and may be customized with single-pane glass, carvings, grilles, and other features. Customers can choose from any of the maker's available wood species, including FSC-certified Honduran mahogany and cedro macho. ■ [Marvin](http://www.marvin.com). 888-537-8266. [www.marvin.com](http://www.marvin.com). Booth no. C4633.



**GOLD STANDARD:** This Whirlpool Gold free-standing double range fits into the same space as a traditional range, but it offers separate chambers for baking two dishes at different temperatures simultaneously. The upper oven uses 50 percent less energy than a standard oven and preheats in half the time. With 6.3 cubic feet of total capacity, the unit is available in white, black, and stainless. ■ [Whirlpool Corp.](http://www.insideadvantage.com) 800-253-3977. [www.insideadvantage.com](http://www.insideadvantage.com). Booth no. C3543.

**HELLO HALO:** A new line of 4-inch compact fluorescent downlights has been added to the Halo line of recessed products. Available in 13- and 18-watt models, the lights have an AIR-TITE housing that prevents airflow between attic and living areas. It may come into direct contact with ceiling insulation. ■ [Cooper Lighting](http://www.cooperlighting.com). 770-486-4800. [www.cooperlighting.com](http://www.cooperlighting.com). Booth no. N2165.



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# Nationally Recognized Builder Achieves Success With Bank of America Home Loans



## A Conversation With Timothy A. Kane, President, MBK Homes



Credit availability and a reliable source of financing are big concerns for builders and homebuyers in today's economic climate. Timothy A. Kane is the president of MBK Homes (Irvine, California) and a long-time, satisfied, Bank of America builder customer. He discusses the importance of relationships between lenders and builders and keeping his customers satisfied.



### Q: How is your relationship with Bank of America important to your business?

**TK:** MBK Homes has been doing business with Bank of America for over 5 years, and I can not rave enough about my relationship with them or with our retail sales manager GiGi Renick. Over the years, Bank of America has actually become an integral part of our business team. Corporate meetings with our sales and construction personnel to discuss strategy, markets or key buyer tendencies always include our lender. Their feedback and their understanding of our business are crucial to selling more homes.

### Q: MBK Homes has been ranked #1 in customer satisfaction. How did you achieve this?

**TK:** We believe we need to achieve customer satisfaction within each and every stage of the building process. A huge component of that perception is financing. If our buyers are satisfied with us, they must also be satisfied with their financing experience as part of the process. In fact, over 97% of our buyers use Bank of America to fund their home purchases. That is an exceptionally high capture rate!

To find the builder sales manager in your market or for more information on how you can partner with Bank of America Home Loans, visit [bankofamerica.com/buildersadvantage](http://bankofamerica.com/buildersadvantage).

### Q: Can you provide some examples of what makes Bank of America your preferred lender?

**TK:** First and foremost, I think that Bank of America is a trusted brand name. In today's financial climate, that means a lot to homebuyers. In addition, Bank of America Home Loans offers the homebuyer a full range of products from which to choose. Their builder rate cap is particularly popular. But most of all, their customer service is simply unparalleled.

From the builder's standpoint, it really helps us when the Bank of America Home Loans mortgage loan officer can talk knowledgeably to the buyer about the builder. It generates a level of comfort about the product and the process itself. It's the synergy of the relationship that is the key... when the builder and lender both speak so highly of each other, that energy is passed on to the buyer. And when that happens, everyone in the process is satisfied!

## MBK Homes

[www.mbkhomes.com](http://www.mbkhomes.com)

### ► Facts At-A-Glance

- **Estimated number of units sold year-end, 2009: 150**
- **MBK Homes is ranked #1 in the nation for four consecutive months (June through September 2009) by Eliant, the nation's foremost consumer research company catering exclusively to the new home industry.**
- **MBK Homes was named "Builder of the Year" at the 2008 Laurel Awards in the Inland Empire.**
- **Mr. Kane was named 2007 "Builder of the Year" by BUILDER and DEVELOPER magazines.**



**Bank of America**  **Home Loans**

# TECHTOOLS

TECHNOLOGY FOR THE MODERN HOME BUILDER ■ EDITED BY DAN DALEY

## BUILDER MANAGEMENT SOFTWARE

### Canary in the Coal Mine?

*Software makers seeing signs of sales pickup.*

**S**OME BUILDER MANAGEMENT SOFTWARE MAKERS are reporting recent upticks in sales. The activity tends to be coming from lower-priced tiers of products, which in some cases have seen price reductions for the software and related training. But the trend seems real enough.

Referring to the NAHB business management and IT subcommittee meetings that took place in May, Constellation's Builder 360 product line vice president Craig Schweikart says a sense of optimism among software makers was palpable. "Everyone believes they can start making plans again," he notes.

Schweikart says the company changed its pricing model on its Build Soft program from a "significant" upfront license fee to a price per month and offered a 15 percent discount on five-hour training packages. That, he says, fueled more sales in Q2 of this year than in all of 2008.

Daryl Shenner, CEO of Homefront Software, says his company has had a similar experience with its Precision Builder and Project Builder software modules, which address cost estimating and scheduling, respectively. "We're seeing increased sales among small semi-custom builders as well as larger builders that have downsized significantly," he remarks. "Builders have 'leaned down' as much as they can at this point. They're looking to leverage technology to do what they used to rely on people for."

Schweikart also says that the NAHB teleconference suggested significant changes ahead for the builder software space. "It will be a new and different buyer emerging from the downturn," he says, noting references to the role of social networking in marketing and communication coming out of the downturn and how local and federal energy management mandates are going to have to be integrated into builder IT software.

"There will still be challenges, but builders have made the decision to start investing again," he adds.—D.D.

## MARKETING PARTNERSHIP

### Strategic Push

*Verizon Wireless and BuilderMT jointly market mobile workflow data management.*

**T**HE iPHONE HAS QUICKLY worked its way into home automation via a slew of applications for companies such as Lutron and Crestron. Now cell phones are headed further up the construction chain. Software maker BuilderMT announced a marketing partnership with Verizon Wireless in which BuilderMT's Business Process Management's "drag-and-drop" icon-driven process management will be accessible through Verizon net-

work cell phones. The data from phones in the field can be integrated and sent to builders' back-office software and mobile devices of allied trades, suppliers, and subcontractors.

This wireless applications approach is part of a larger strategic push by the construction industry to lower costs. BuilderMT president Tom Gebes says the approach works across a range of applications, from tasks as simple as moving jobs among vendors or as complex as generating change or work orders by phone, on-the-fly, with all the information automatically integrated to all mobile devices and back-office systems. Gebes reports a

five-times return on investment as reported by builders using the cell phone approach.

Several software companies now offer handheld project management applications for builders, but most seem to find the Internet sufficient as a network. "It's not out of the realm of possibility, but we don't have any plans right now" to go beyond a combination of a Windows-based mobile app and the Internet, says Sean Whitescarver, support specialist at Virtual Boss.

But as the home builder market readies itself for the next stage of the economy and mobile network providers look for more corporate partnership opportunities, the Verizon/BuilderMT pair-up portends one more strategic path in the future for builders.—D.D.

## Clock In

**E**xaktime's ClockPoint Kiosk lets staff clock in on the company's Job-Clock System time and attendance software, with ClockPoint Kiosk running on Windows XP or Vista. Employees can clock in or out remotely from the field. Since ClockPoint Kiosk software runs in the background, the PC can continue to be used for other tasks. Each time an employee clocks in or out, the time punch is immediately transferred to the Time-Summit database via the company's network. Managers can see who is in the office and for how long in real time. The ClockPoint Kiosk software is \$295. [www.exaktime.com/clockpoint/default.aspx](http://www.exaktime.com/clockpoint/default.aspx).

## Auto Response

**C**onstellation's new WebLeads automated Web-based lead qualification and management tool gets prospect information to the builder's website, captures data in real time, and gets it into sales and CRM software, then sends an e-mail alert to sales staff so they can follow up. Web Leads is fully integrated with existing Constellation NEWSTAR Sales, FASTSales, and Constellation CRM software. [www.constellationhb.com](http://www.constellationhb.com).

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**Info Needed**

**A**t the NAHB's appraisal summit on Nov. 3, participants honed in on what can be done to provide appraisers with information they should know in determining the value of a home.

The NAHB will be clarifying how builders can communicate with appraisers under the Home Valuation Code of Conduct (HVCC).

"At the end of the day, a fair appraisal is what all of us want," NAHB Chairman Joe Robson told the summit.

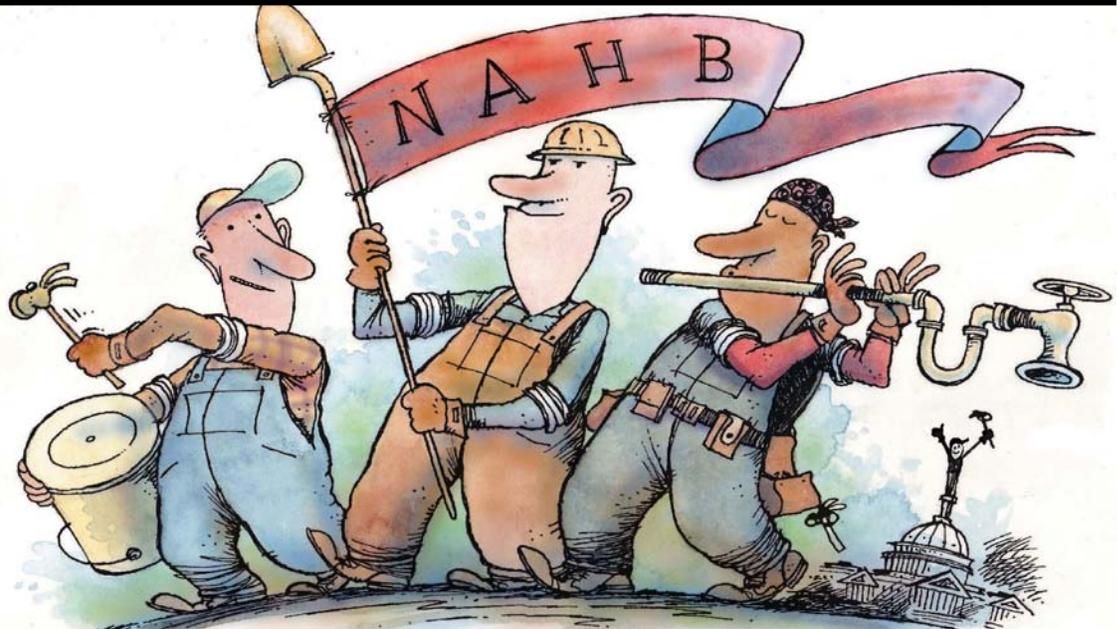
At the center of the problem, some appraisers have been using foreclosure and other distressed sales as comparables without making proper value adjustments for differences in quality and condition of the new homes they are assessing.

Other concerns include: the perception that interested parties are not permitted to communicate with the appraiser; appraisers who have been coming from outside the area to appraise properties in local markets they don't adequately know; and the need for creating a process that would enable builders and others to receive a second appraisal. There is currently no consistent process for appealing or questioning the results of an appraisal. ▶

DAVID CLARK

# NATIONAL BEAT

NEWS FROM HOUSING'S GROUND ZERO ■ EDITED BY DEBORAH LEOPOLD



FROM THE CHAIRMAN

## We did it!

*The NAHB was a major player in extending the home buyer tax credit.*

**W**ITH THE FLEDGLING ECONOMIC RECOVERY hanging in the balance and our industry's future on the line, the NAHB played a leading role in convincing Congress to extend the first-time home buyer tax credit and expand it to include repeat home buyers.

Not only has the first-time home buyer tax credit been extended to sales occurring on or before April 30, 2010, but eligibility for a tax credit has been expanded to include repeat buyers and income limits have been increased. These changes should

substantially increase the tax credit's ability to stimulate buyer demand, and it is expected to create 211,000 jobs throughout the economy to get Americans working again.

The legislation also includes expanded Net Operating Loss (NOL) measures that will provide relief to businesses of all sizes, including many home builders.

Enactment of this legislation was an extraordinary achievement. With Congress focused on health care, and countless other issues competing for legislators' attention, keeping housing front and center was a formidable task. (see page 46)



**JOE ROBSON**  
CHAIRMAN OF THE BOARD,  
NAHB  
WASHINGTON, D.C.

Members and HBAs answered our call to action by meeting with their members of Congress and staying involved at the grassroots level. Our lobbyists spent countless hours on Capitol Hill making our case with legislators and key staffers. We took our message to Congress and the public via the media. Basically, we did everything in our power to get Congress to act on our priorities.

Our hard work came to fruition in early November when Congress voted overwhelmingly to approve the legislation, which was signed into law less than 24 hours after it won House approval.

Now our efforts have turned to ensuring that as many people as possible know about the tax credits and take advantage of them. Among other things, we will be promoting the tax credits via the national media, [NAHB.org](http://NAHB.org), and [FederalHousingTaxCredit.com](http://FederalHousingTaxCredit.com), the website we created for this purpose. It is widely acknowledged as the Internet's most authoritative source of information about the home buyer tax credits.

And we haven't forgotten our other priorities—freeing up AD&C money and fixing the deep flaws in

the nation's appraisal process. Working with regulators, members of Congress, and other stakeholders, we are making progress on these complex issues.

More than any other event in recent memory, enactment of the Worker, Homeownership, and Business Assistance Act of 2009 demonstrates the true value of membership in the NAHB. At a time when many builders and associates are struggling just to survive, the NAHB has come through for its members against overwhelming odds in a way that promises to improve the economic environment and to strengthen our individual businesses.

Finally, be sure to take a look at the International Builders' Show pre-show planner in this issue so you can prepare for the housing event of the year. Of particular note, we will be introducing a unique new feature, The Partnership Pavilion, to help members obtain financing for land development, residential construction, and light-commercial projects. At the Pavilion, representatives from Wall Street, banking interests, and private equity lenders will be on site to meet with builders, explore funding options, and discuss the deals that will help move the market forward.

## THE NAHB RESEARCH CENTER CORNER

### 500 and Counting

*National Green Building Certification reaches new heights.*

**I**N EARLY OCTOBER, THE home building industry hit an important milestone when the NAHB Research Center provided National Green Building Certification for its 500th project, and the Research Center anticipates doubling this number of certifications by the end of this year!

The certification recognizes projects that have met stringent criteria in energy, water and resource efficiency, indoor environmental quality, and lot and site design. Certification also requires homeowners to be educated by the builder to help ensure that their homes operate as efficiently as they were built.

The NAHB Research Center administers National Green Building Certification by training and accrediting local verifi-

ers who inspect each new home during the construction process and after the home is completed. Currently, there are nearly 400 accredited verifiers nationwide.

With close to 150 completed certifications as of mid-November, North Carolina is the state with the most Green Certified homes. About a third of those homes were constructed by a single builder, Shugart Enterprises, which has had more homes certified to the National Green Building Standard than any other builder in the country.

Jim Pepitone, president of Ark Contractors in Madison, Conn., recently completed a home that was certified to the Emerald, or highest, level of the standard.

"The high standards and rigor of third-party certification

are part of our corporate culture," says Michael Luzier, president of the NAHB Research Center.

The first step in having a project achieve National Green Building Certification is to score it using the free Green Scoring Tool at [www.nahbgreen.org/scoringtool.aspx](http://www.nahbgreen.org/scoringtool.aspx). The scoring tool gives builders and designers an opportunity to work through various design scenarios to easily figure out what makes the most sense for a given project in a given market. The tool also allows projects to be saved for later use or adjustment, and copied for greater convenience scoring multiple projects with the same basic design.

Once a project is scored, be sure to contact an accredited verifier to schedule a rough inspection. All accredited verifiers are listed on the NAHB-Green website as well.

For more information, visit [www.NAHBGreen.org](http://www.NAHBGreen.org), or call 877-NAHB-GRN.

## NAHB BRIEFS

### Lost Vote

**T**wo NAHB proposals that would have removed requirements for fire sprinkler systems in one- and two-family homes from the 2012 International Residential Code lost the first battle Oct. 28 when the Residential Building and Energy Committee voted seven to four to keep this mandate in the main body of the code.

The NAHB will continue to work on behalf of affordability and technical effectiveness in addressing this issue, says NAHB Chairman Joe Robson.

A campaign by fire sprinkler manufacturers and other supporters brought hundreds of fire fighters and fire service personnel to the hearings for the sprinkler debate.

The debate lasted only half an hour.

Representatives from the National Fire Protection Association took issue with the NAHB's use of statistics demonstrating that the rate of survivability from a fire where there are working smoke detectors present is 99.45 percent—although that figure is taken directly from an NFPA study of that issue.

After the committee voted, a hand count of all members present, including the fire fighters, estimated that 40 representatives were in favor of the NAHB proposal and more than 1,700 against.

# If You Are or Were a Residential Insulation Contractor,

## Please Read This Legal Notice

### A Class Action Could Affect Your Rights

#### What is this Notice About?

A court has certified a class of 377 residential insulation contractors that may include you. The lawsuit claims that Masco Corp. and certain affiliates (“Masco”) and five manufacturers conspired to violate the federal antitrust laws by agreeing to impose, maintain and/or increase a “spread” between the prices that Masco pays for fiberglass insulation and the prices paid by residential insulation contractors. The case is Columbus Drywall & Insul., Inc., v. Masco Corp., No. 1:04-CV-3066 (N.D. Ga.).

Previously, Defendants CertainTeed, Guardian Fiberglass, Inc., Guardian Building Products Distribution, Inc. (together “Guardian”), Johns Manville and Knauf agreed to settle the lawsuit without admitting liability.

Masco did *not* participate in the settlements, and the case proceeded against it. On February 9, 2009, the Court granted Plaintiffs’ motion for class certification and granted in part and denied in part Masco’s motion for summary judgment. As a result, the Court is allowing the 377 members of the Litigation Class to collectively move forward with their horizontal conspiracy claims against Masco in a jury trial. Please see the full Notice for more information on this topic.

***This Notice is only a summary of your legal rights and choices. For more complete information, please read the full Notice, which you can obtain by visiting the Web site or calling the number listed below.***

#### Am I a Member of the Litigation Class?

You’re a member of the Litigation Class if you were classified as a residential insulation contractor by CertainTeed, Johns Manville, Knauf, Guardian or Owens Corning and you were found to have been impacted by the alleged conspiracy through a statistical analysis conducted by Plaintiffs’ expert. ***A list of the 377 residential insulation contractors who are members of the litigation class can be found at [www.insulationlitigation.com](http://www.insulationlitigation.com).***

The litigation class is not the same as the class the court previously certified for purposes of the settlements with the defendants other than Masco. You may still be a

member of the settlement class even if you are not one of the 377 residential contractors found through a statistical analysis by plaintiffs’ expert to have been impacted by the alleged conspiracy.

If you believe you are a litigation class member, but you did **not** receive a copy of the full Notice in the mail, you must contact the Class Administrator **immediately** by calling 1-866-478-3381, or writing to: Claims Administrator, c/o Rust Consulting, P.O. Box 1274, Minneapolis, MN 55440-1274.

#### What Are My Rights?

***Stay in the litigation as a class member.*** If you want to stay in the class, you don’t need to do anything now. By staying in the class, all of the court’s orders will apply to you and you will be bound by any jury verdict. You will be able to recover from any judgment or settlement the class obtains, and you will not have to pay any attorneys’ fees or expenses unless the class obtains a recovery. In the event of a recovery, Plaintiffs’ counsel will request that the Court award attorneys’ fees and expenses from the recovery. You will give up any right you might have to sue Masco for all claims in this case.

***Exclude Yourself.*** If you don’t want to be a part of the class and want to keep any right to individually assert claims against Masco that you would otherwise give up by staying in the class, you must exclude yourself from the class by sending a valid exclusion request that is received by the Class Administrator **by January 18, 2010**. If you exclude yourself from the class, you will not be bound by any of the Court’s orders and you will not be able to participate in any judgment or settlement the class obtains. The Court will exclude from the Litigation Class any Litigation Class Member who requests exclusion.

***Appear in the lawsuit.*** If you stay in the class, you may – but aren’t required to – appear through your own attorney (at your expense). Otherwise, the lawyers for the Class will represent you.

***Please read the full Notice for additional important details on how to submit a valid exclusion request or make an appearance.***

**For more information and to obtain a copy of the full Notice,  
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# Buy Now

*As affordability improves, demand should return.*

**H**OUSING AFFORDABILITY IS A PRIME ELEMENT OF THE housing cycle, but often in a perverse way. At the height of the buying frenzy of the mid-2000s, affordability had deteriorated significantly. In fact, unaffordable conditions triggered the pull back in demand that began in 2006. Currently, measures of affordability have settled down again to

sustainable levels. As a result, demand is beginning to respond.

Affordability can be measured for an individual or generically for a place or across time. For most buyers and certainly for lenders, the largest drivers behind affordability are interest rates and house prices. Except for the 20 percent of home buyers who pay cash, a mortgage is needed to buy a home, and mortgage payments are dictated by underlying mortgage rates—which an individual buyer has little control over—and the house price. Hence, buyers with a set amount of cash for a down payment have a relatively narrow price range since all the other parameters are set by the market. But, at different points in time, interest rates and house prices do change and then affordability changes. These changes can be tracked in at least three ways.

The payment-to-income ratio that is dictated by mortgage underwriting standards sets a limit to the proportion of income that can be dedicated to housing. An individual can afford more house if interest rates or house prices fall. At the height of the housing boom, 30-year fixed-rate mortgage interest rates were roughly one percentage point higher than they are now. And house prices were 10 percent to 30 percent higher, depending upon the price index and location. The combination of price and interest rate declines mean that a monthly mortgage payment on a typical new home has fallen about 30 percent from peaks in early 2006. The fall in mortgage payments

has increased affordability significantly even if incomes have not changed significantly. And waiting longer for even lower house prices may not serve a buyer well.

At current interest rates, a one-quarter percentage point change in mortgage interest rates has about the same impact on affordability for the median-priced new home as a \$6,000 change in mortgage amount. As interest rates creep up, home buyers who wait thinking that house prices will fall further must see at least another 3 percent or 4 percent decline in prices to maintain the same level of affordability.

A market's affordability is measured by comparing income levels to house prices.



From 1991 to 2001, the national price-to-income ratio averaged 3.2, but by the mid-2000s the ratio climbed to 4.7—houses sold for almost five times national income levels. Significant price declines and lower mortgage rates have pushed that ratio back to 3.1. In some areas, the ratio has fallen below the long-run average, suggesting that house prices have over-corrected in those places.

The NAHB-Wells Fargo Housing Opportunity Index (HOI) is a more sophisticated measure of regional or across-time housing affordability. The HOI measures the share of recently sold homes that the household with median income can afford. Since the HOI is based on monthly payments, the HOI picks up variations caused by interest rate changes as well as relative differences in incomes, house prices, and property taxes across markets. The national index averaged 60 between 1992 and 2002 before dropping to a cyclic low of 40.4 in the third quarter of 2006 reflecting the rapid rise in house prices relative to incomes.

Since the beginning of 2009, the index has risen to over 70 as both house prices and interest rates have fallen significantly. The current record high HOI is further confirmation that affordability is at its best in recent history. The most improved areas are in the states that experienced rapid house price increases. Of the top 50 metro areas with the greatest improvement in affordability three-quarters of them are in the four headliner states of Arizona, California, Florida, and Nevada.

By any measure, affordability has improved significantly since the mid-2000s boom and may be at a peak as interest rates drift up and house prices reach a bottom.

DAVID CROWE  
Chief Economist  
NAHB

Washington, D.C.  
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**CUTTING EDGE:** Sky diving is just one of the heart-pumping, non-traditional amenities age-targeted communities offer to attract today's active adult buyers.



# ACTIVE PURSUIT

Nabbing Baby Boom buyers requires building trust as well as communities where kayaking replaces canasta.

**BY TERESA BURNEY**

**T**HESE DAYS, TIM MCCARTHY FINDS NOTHING RELAXING about going out to lunch with prospective buyers of his age-targeted homes.

"They are going to sit there, they are going to grill me, and they are going to ask a lot of tough questions," says McCarthy. "They are sophisticated. They'll ask me questions about how we are financing our communities."

But rather than reaching for a large bottle of Tums and telling his assistant to hold all his calls, the managing director of Pennsylvania-based Traditions of America encourages the lunch dates and welcomes the questions. It's all part of a sales program that, start-to-finish, is designed to quell the considerable fear older buyers have had since the stock market's dive in the fall of 2008.

"The significant reality is that they are traumatized by their financials in the past year," says McCarthy. "Just a year ago, not only did they watch their stock values collapse and their home values collapse, they saw the runs on the banks. Many of them are still selling their stock and buying gold. They are afraid."

And they are distrustful. "I think there is distrust for big banks, and I think there is distrust for big builders who just left town," says McCarthy. "I think they want to be able to look the owner of the company in the eye and get



**RAPID RECREATION:** Del Webb's Sun City Carolina Lakes built a kayaking center for residents.

real straight answers. They love the unvarnished truth."

Hence, the numerous lunches and a number of other programs Traditions of America offers to calm worries, including refundable deposits, home staging, and help in pricing prospective buyers' existing homes as well as helping them find the right listing agent. (See "Hand Holding and Tough Love," right.)

It's working. At the home building peak, Traditions was selling six to eight homes a month in each of its communities scattered across Pennsylvania. Now the company is closing four to five, an enviable pace even for non-age-based communities.

"It's not about what we're building, it's about how we're selling," says McCarthy. "It's about making the transaction risk free."

It's also about creating an age-targeted product that the buyers perceive to be different from the ones their parents might have favored—communities where wine tasting (and making) replace pot lucks, pickleball replaces bocce, and sky-diving replaces a round of golf.

### THE BIG THAW

While Traditions may have cracked the code of selling to older buyers in the current market, many other builders are still struggling and eagerly awaiting a spring thaw from the winter no one expected to occur in the 55-plus buyer market.

That market was expected to remain sunny for the next couple of decades. The



theory was that the 78 million Baby Boomer "me generation" buyers' relative wealth and free-spending ways would weather any storm in the general real estate market. Then the stock market crash came and plunged that market, too, into a deep freeze.

Before the crash, Shea Home's active adult housing market was down 20 percent, but still performing better than its other markets, which were down 40 percent. Now they're both equally challenged, says Rick Andreen, president of active adult communities for Shea.

"It used to be 55-plus buyers would overcome the psychological thing [of a depressed housing market] and take the risk and buy and rent out their old home," says Andreen. "They were fine about taking risks before September of last year."

Not now. So Shea is trying various sales tactics to overcome worries. "I think what we have to do is be better in the sales process about talking about these things," says Andreen. "Our salespeople are so used to talking about the benefits of our housing products and lifestyle that they have a little harder time counseling someone who is 60 years old on finance. It's difficult from a credibility perspective."

Ultimately, Andreen sees time as the

## Successful age-targeted home builders share sales tips that work.

**A**ttracting potential buyers to Traditions of America's sales offices is easy, says Tim McCarthy, managing director of the Pennsylvania-based builder of age-targeted homes.

"They are out looking," he says. "We got 1,000 people through our sales offices last month."

Getting them to buy is a much more difficult proposition in a market that has 55-plus buyers frightened and distrustful. Yet Traditions has devised a sales program that is working, successfully turning lookers into buyers. "We are selling four to five a month in each community," McCarthy says. "It still produces very strong financial results for us. We are profitable at this rate."

But, be aware, Traditions of America's sales program is not for the lazy. Arduous, painstaking, long, and costly—all describe the system it uses to get older buyers off the fence and into one of its homes.

"The transaction has to be made risk free for them," says McCarthy. "The first thing we tell them is, 'Yeah, we know you are really worried about what's happened to your home's value, but if you can't sell your home, you don't have to buy ours. You get every penny back.' You have to say that like 10 times to them."

To help them through the process, Traditions set up a separate department that manages the listing and selling of customers' existing homes. It also provides staging services to show the buyers' homes in the best light.

"They are really not prepared to take over the sale of their home," he says. So, a year and a half ago Traditions hired three full-time professionals who help buyers find the right agent to sell their existing home, oversee the valuation process, monitor brokers' performance, and represent owners in sale negotiations, McCarthy says.

"They really need professional help," he says. "And we are vested in selling their house and for selling at a high price."

McCarthy says the three employees more

# HOLDING AND TOUGH LOVE

than earn their wages. "I actually thought we would get a lot of cancellations, but we've had one," he says. "We sell everyone's home. As of this month our average price realized is 98.6 percent of list price, and we are getting buy-in from customers." And the homes are selling in about 76 days, half the local market averages.

Traditions also lets buyers take their time between contract and closing. "We have real long settlement times, so we're not rushing them," he says. "And we guarantee them against any price cuts."

The company builds confidence in buyers by assuring them of its stability. McCarthy, himself, lunches with buyers, easing their fears by answering their hard questions honestly, convincing them that the company is on sound financial footing.

**"It's about making the transaction risk free and giving the customer peace of mind."—Tim McCarthy, managing director, Traditions of America**

"We cannot leave any doubt in the customers' minds about our financial situation and our commitment to finish the project," he says. "You can't look like you are on a shoestring."

McCarthy says that, in his market, it helps to be a smaller private rather than a big public builder because his customers have watched the large public builders leave town.

"They want to know that we are all in, that we're from here and we're always going to be here," he says.

Lastly, McCarthy says Traditions offers products buyers want.

Lately, that's a smaller, less-expensive house, he says. But smaller doesn't mean bland and cookie-cutter.

"I think they need to be sold that the builder is sincere about building what they want," he says. "They want very flexible floor plans with plenty of opportunity to customize."

"When the economy got tough, the first reaction [for some builders] was to cut back on choices," he says. "I think that's exactly opposite of what you need to do."

But, for Traditions, the homes themselves may be the least important element of the sales equation, says McCarthy.

"I think in our case it's not about what we're building," he says. "It's about how we're selling. It's about making the transaction risk free and giving the customer peace of mind. It's not about building a better kitchen or a nicer bath."

Traditions isn't the only builder of age-targeted homes who is getting some selling traction through a variety of fear-calming techniques.

Steve Bomberger, owner of Delaware-based Benchmark Homes, also offers buyers no-risk contracts contingent on selling their existing homes as well as the services of home stagers.

"At least we are getting them to make that first step," he says. "This is the first downturn in the housing market where I have seen [55-plus buyers] frozen in the headlights like a deer. They don't know what to do."

At first, Benchmark's sales agents took the hand-holding approach with potential buyers as well. But lately two new slightly different tactics have been added to the sales arsenal as well—

tough love and creating an addiction.

Benchmark works hard to sell its lifestyle, and it continues selling it even after the contract is signed during the 90-day contingency time frame. The goal is to hook its want-to-be residents on its communities' lifestyles. For instance, they get invited to ice

cream socials and other events where they meet their potential neighbors. That has the effect of helping them mentally begin making the transition to what their new life will be like.

In addition, there's a lot of emphasis placed on the easier maintenance and lower energy costs of the new homes versus their current ones.

Next, when a buyer balks, perhaps because an offer on their existing home is less than they thought it should be, the sales agents tell them that they can't help them until they get realistic about how much their home is worth and stress that they're going to miss out on a buying opportunity. Then they send them home without any further rationalizing.

"It sends them back home with this dejected feeling," says Bomberger. They've begun to see themselves in the new house, met their potential new neighbors, and gotten excited about the lifestyle change.

If it happens to be autumn and the leaves start falling and they face buying fuel oil for the winter, or maybe summer's starting and the grass starts growing, the new low-maintenance home looks even better, he says.

"Invariably, the couple argues" with the wife on the side of moving, says Bomberger. "And then they come back and buy."

**ON TARGET:** Traditions of America's sales centers continue to attract crowds despite the downturn.



definitive cure for the over-55 market. But make no mistake, he believes there will once again be a huge market for new homes targeted for 55-plus buyers. And those builders who are able to get even a small slice of it will profit mightily.

### CHA CHA CHANGING

Yet questions remain. Has the recent market crash fundamentally changed Baby Boomers, transforming them from carefree risk takers to cautious worriers? And, will this group of buyers, who famously fight any concessions to age, be receptive to products they perceive to be for “older” buyers?

Andreen thinks the answer is definitely yes for the latter. As evidence, he tells this story about his minivan. “When I was 27

and had been married for a year, I said I would be 6 feet under ground and horizontal before I bought a minivan,” he remembers. Four years and two kids later, Andreen not only owned a minivan, but was extolling the virtues of its comfortable roominess and many cup holders to others.

Just as his view of the world changed after having children, people’s perspectives change after retirement and when they become empty-nesters. Like their parents, it will happen to Baby Boomers, too.

“All of a sudden, the relationships that they have at work are gone after retirement, their social connections change, and their children are gone,” says Andreen.

“A big emotional thing happens, and they are going to seek a change in their lifestyle,” he says.

Empty-nester Boomers crave new connections and new experiences, he says. They become tired of taking care of the big house and begin to desire freedom, and sometimes that sends them looking for a neighborhood where the living is easier.

“That [desire for change] is something that I will argue is going to significantly offset the emotion of what’s happening to them financially,” Andreen asserts. Their smaller nest egg might lead them to choose to buy a 1,700-square-foot retirement home rather than a 2,300-square-foot one, he continues, “but they are still going to seek a change in lifestyle.”

Most Baby Boomers aren’t at that stage yet. “That psychological transition occurs when someone actually retires,” he says. And the first of the Baby Boomer genera-



# DON'T

## What not to talk about when selling to age-targeted home buyers.

**T**here are a few dirty words and one obscene item practically guaranteed to turn off buyers of age-targeted homes.

Unmentionable phrases include: “age in place” and “Universal Design.” Item to ban from all models: visible grab bars in the bathrooms.

Yes, these are good and useful things, and most buyers will be grateful for them in time. And deep down, the buyers really want them included. But mentioning elements in homes that remind buyers who are active today that they soon might not be, can make them cringe like an adolescent boy being dragged through the bra aisle by his mother.

The sight of a grab bar that looks like it belongs in a nursing home can ruin the mood you’ve carefully crafted when showing off communities chock full of activities and amenities designed to get buyers excited about how socially and physically active their new lives will be now that the kids are gone.

**STAYING PUT:** Residents can easily age in place with roll-in showers and roomy kitchens in Traditions of America’s homes.

PHOTOS: COURTESY TRADITIONS OF AMERICA

tion won't start turning 65, the traditional retirement age, until 2011. While, given the economy and their free-spending ways, many will continue working, some won't. And, because their total numbers are so huge, even snagging a small share of the market will be significant, Andreen argues.

## **BECOMING THEIR PARENTS, WITH STYLE**

But just because Boomers will go through some of the same emotional events that their parents did that may trigger a desire for a life change doesn't mean that they will choose the same type of retirement lifestyle. Rather, it is far more likely, say those who keep tabs on the active adult market and the Boomer psyche, that they will rework it to make it "cooler" than their par-

ents' retirement living, in the same way other products have been revised to appeal to the style-conscious group.

The typical male Baby Boomer will still want a comfortable recliner, but the La-Z-Boy recliners today have been made far more stylish than the one his father watched football from. Another example of how Boomers restyle things is that minivan, which was embraced by this group in their child-bearing years but eventually was replaced by muscular SUVs. "Boomers will just take these things and put them on steroids," says Andreen. "I think it's all going to be continuously revised and evolve."

## **MULTIPLE PERSONALITIES**

"The reality is nobody really knows" what Boomer buyers are going to want in retire-

ment, says Ron Robichaud, of Robichaud Financial Services, which advises home builders. "There's the big question about whether they are going to want to go age-restricted. But they are caught betwixt and between in that they don't want to be with old people, but they don't want to be with kids either."

Robichaud thinks the answer is that there will be no single answer to the question of what kind of housing Boomer buyers will want in the later part of their lives. After all, it's a generation that prides itself on originality.

"There will be enormous fragmentation in the market," he says. The good news is that with so many buyers in that age group there will be plenty of prospects for even niche interests.

Knowing that there is no one answer to what 55-plus buyers want, and that what the dynamic generation wants right now is likely to change over time, developers of age-targeted communities are building flexibility into their developments and amenities.

"Interests of Baby Boomers change," says Andreen. For example, "we wouldn't put in a bowling alley. That's expensive, and it's likely to be converted to something else later."

Steve Bomberger, owner of Delaware-based Benchmark Builders, says he builds smallish clubhouses for his communities, because his buyers don't want to be saddled with the costs of elaborate amenities. Instead, he designs the spaces to be flexible, so the residents can decide how to use them.

"I call it a stage," Bomberger says. "We give them a stage, and they can produce whatever they want. We always seem to find one person within every community who is the social butterfly, who loves to put together the bridge club or whatever and suddenly the clubhouse has a calendar."

## **DIFFERENT STROKES**

Pulte's Del Webb brand has already begun evolving, from golf course-centric communities to communities where location dictates some of the amenities. While the brand continues to focus on offering over-the-top amenities that "trump everything," and golf courses are still part of many of those, says Caryn Klebba, Pulte's corporate communication director, there are now other choices.

For instance, Del Webb's Sun City Carolina Lakes, which borders a river, offers a canoeing and kayak center and (see page 58)

# TELL, DON'T ASK

That doesn't mean that builders of age-targeted communities are neglecting to include Universal Design elements that will help buyers age in place in their homes and make the homes more accessible to all users in the meantime as well. The more responsible builders are, the less they talk about it unless asked, they say.

"They won't ask about it," says Tim McCarthy, managing director of home builder Traditions of America. "They don't want to say it out loud. No one ever asks how wide the doorways are, but you can see them measuring them in their minds."

Yet Traditions incorporates many Universal Design elements into its homes anyway. In addition to the wider doorways, lower switches, step-less entries, higher counter tops, and elevated appliances are standard.

But the builder doesn't install grab bars in the bathrooms. That is the item that sellers say may be the biggest turn-off of all to buyers of a certain age. However, Traditions does put wooden blocking behind the tile to make it easy to install grab bars later without having to rip out the tile. "People don't want them standard," McCarthy says.

Steven Bomberger of Benchmark Homes employs similar tactics, offering grab bars as an option, by putting wood blocking behind the tile as a standard feature. Benchmark also puts in at least one threshold-less entry when possible.

"We don't advertise Universal Design or say it in any of our literature," Bomberger says. "We say 'easy living,' or 'first-floor living,'" he says. "We tell them how their new home is going to be a lot

easier for them, not only for their abilities, but because of low maintenance and energy efficiency. ... They are tired of heating the big house, and they are tired of taking care of the yard."

While most older buyers aren't asking for Universal Design features in their homes, a recent study by the NAHB and the Met Life Mature Market Institute has uncovered some other items potential buyers do say they want in a home:

- A master suite or at least one bedroom downstairs;
- Technology, including wiring for high-speed Internet connections, home security systems, low-voltage wiring for electronic signals, and energy-management systems;
- Low-maintenance homes that offer savings on energy costs;
- Conveniences and services available in the community such as home repair, transportation, house cleaning, home-delivered meals, and personal care; and
- Home office space, since many people are working longer these days.

One thing most buyers aren't asking for is bigger homes chock-full of luxuries, something that's changed with the falling stock market and home prices.

"They are looking for affordability, not just in the initial purchase but in maintenance and energy costs," says Rick Andreen, president of Shea Homes' active adult product division. "I think that is one shift that has occurred in the market that will be lasting," he says.



**WINE WINNER:** Crushing grapes is a fall activity at Shea Home's Trilogy at the Vineyards where grapevines replaced the golf course.

a kayak run where residents are picked up at the end and taken back to the center.

"The must-have [in every community] is being responsible to needs and not doing the cookie-cutter community," Klebba says. "The bottom line where we are headed with the brand has been that we are being adaptable."

Andreen would just as soon eliminate golf courses all together in many communities where there is another way to create open space. Most residents don't regularly golf, but they like living on golf courses because of the attractive open space view. "We've never done just golf," he says.

Shea's Trilogy at the Vineyards in the East San Francisco Bay community of Brentwood has a vineyard planted on its rolling hills rather than a golf course. Residents recently got together there to crush grapes.

"People really like it," says Andreen. "The clubhouse has a full spa. It's a bit like going to Napa Valley. It creates a different ambiance that is unique to the Bay Area."

But the same model wouldn't work in other markets. "We don't prescribe" one model for the company's 55-plus product, Andreen explains. "What we do when we expand into Texas will be different from what we do in the East Bay, for instance."

### THERE'S NO PLACE LIKE HOME

While active adult communities have their roots in the huge developments in Sun Belt states, they've grown well beyond that region. Since traditionally only 20 percent of home buyers move very far away from home after retirement, many communities have begun to sprout up around large metropolitan areas for older buyers who want an age-targeted living experience closer to home.

That phenomenon has made it easier for small local builders to compete with large production builders in the 55-plus market because the developments tend to be smaller and less costly than the giant communities that started the active adult genre.

"Most of our customers are moving fewer than 10 miles," says Traditions of Ameri-

ca's McCarthy. "They want to stay close to their family. They want to stay close to their grandchildren. They will still be going to the same church, same schools, same libraries, and many of them are still working."

But they want to get away from their existing homes, which aren't working for them anymore. They want to be done with home maintenance and yard work.

"They want one-floor living, but they buy second floors as space for grandchildren and visitors," says McCarthy. "They want to get away from the old mechanical systems that are not energy efficient. And their neighborhoods have changed. Many of their old neighbors have moved, and young families with children have moved in."

All of those desires make Baby Boomer buyers very interested in moving—it just takes more finesse to get them to commit these days. But it's worth the extra effort because, in the end, they are better buyers than the rest of the market, builders say.

"Boomers still are very qualified buyers," McCarthy says, "and still very affluent compared with the rest of the country." ■

**UPlink**

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# JUMP START YOUR BUSINESS NOW

**TEN WAYS TO GET AHEAD OF THE MARKET'S RECOVERY AND PUT YOURSELF IN THE COMPETITIVE LEAD.**

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**BY JOHN CAULFIELD**

**I**N ITS PRODUCTION OFFICE, EAGLE Construction of Va. keeps a “count-down” chart that tracks what this Glen Allen, Va.-based builder needs to accomplish to finish the year in the black. “We’re getting close,” said Eagle’s president Bud Ohly in October. Close enough that Ohly confidently projected that his company would deliver 135 homes this year, versus 128 in 2008, and “make a little money.”

Despite so many unanswered questions—about foreclosures, unemployment, bank financing, unpredictable publicly owned competitors, and fickle home buyers—builders continue to prepare for better days ahead. They haven’t lost confidence in their companies’ ability to ride out the storm and turn things around. Nor have they lost faith in the industry and its seminal place in the U.S. economy.

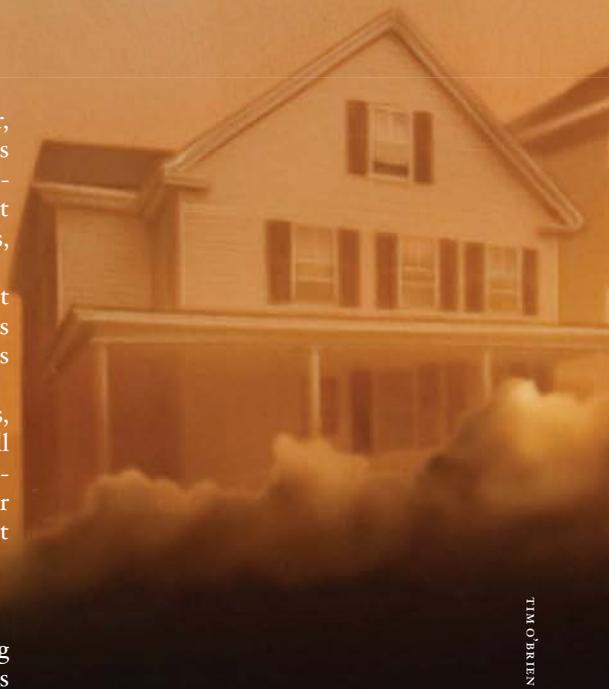
Some builders also recognize, however, that business will not fall into their laps as it did during the last boom, and to recapture lost ground they must regain the trust of consumers, lenders, investors, suppliers, and even their own associates.

“We want the housing boom back, but we know we’ll have to earn it,” says Corey Barton, owner of CBH Homes in Meridian, Idaho.

This article is the second in a new series, Ten for ’10: Ideas to Build On, which we’ll be publishing throughout next year. It focuses on 10 ideas builders should consider to capitalize on the early stages of market recovery.

#### **CHANGES THAT LAST**

Understandably, most builders are having trouble focusing on growth opportunities



TIM O'BRIEN



these days, after experiencing four years of rejection by customers, banks, and the market in general. During that stretch, more than 80 major companies (ones that built 100 units or more annually) have suspended construction, shut down operations entirely, or fell into bankruptcy, according to estimates from “Builders Gone Bust,” a listing of distressed companies on BUILDER Online.

**“What’s your [market] position, what’s your competition, what’s your goal, and what can you afford?”—Richard Elkman, Group Two Advertising**

This “cleansing period” hasn’t been entirely negative, in Ohly’s estimation, because surviving it has forced builders to streamline their operations and business models in ways that should make them stronger. Many have embraced energy-efficient construction and intensified training and development of personnel.

The question is whether these trends have staying power, or will they be marginalized once business conditions return to normal. Builders say they are committed to change. Some can even point to their past performance as proof.

Harwood Homes in Agoura Hills, Calif., was one of the fortunate builders that kept its debt and construction in check. The builder didn’t lose a single project to foreclosure. “We saw early on that people were buying homes they couldn’t afford, so we pulled back,” says its president Mike Simon. While Harwood isn’t building homes right now, it is “mapping and adding land” in anticipation of a comeback.

**LAND-LITE PLAN**

Dick Lombardo, president and CEO of Harkins Builders in Marriottsville, Md., thinks now is the time for builders to re-establish relationships with trade partners; they are “hungry” for business and willing to negotiate on price. Builders who put their procurement house in order during the recession stand to gain the most.

To that point, though, Gary Dahl, a former Lennar executive who is CEO of Builders Choice Sourcing Group, a Sacramento, Calif.-based outsource procurement service, notes that the recession exposed deficiencies in the ways small and midsize builders buy labor and materials. “A lot of them still don’t pay close enough attention to the scope of their subs’ work,” he observes.

One area where the recession seems to

have altered builder attitudes the most is land acquisition. Though opportunities abound—several public builders in their third-quarter conference calls reported that they are aggressively pursuing development deals—private builders are reluctant to jump on them. They don’t want to be saddled with land on their books.

This is particularly true, of course, of insolvent builders such as Ennis Homes, based in Porterville, Calif. At the market’s peak, Ennis had around 1,200 finished lots and 5,000 mapped lots. But since filing for Chapter 11 protection in early February, Ennis Homes “has been selling land like crazy,” says owner Brian Ennis.

What some builders are putting on their land is different, too. The downturn has given builders time to ponder whether the homes they build match the demographic and financial profiles of current and future customers. Some have adjusted their house plans and construction practices to produce smaller, greener, and less-expensive houses without sacrificing quality.

“We went back to the drawing board to go after every dollar we could by reducing waste and simplifying construction,” says Bill Cellar, who owns Providence Homes by Bill Cellar in Jacksonville, Fla., which will close more than 200 homes in 2009, versus 147 in 2008. The effort allows Providence to build more affordable base houses and offer customers the alternative to pay for options and upgrades. “Our product has to be priced right, because we’re competing with 10- to 15-year-old existing homes, short sales, and foreclosures. That’s what the market’s going to be for the next few years.”

**FINDING NEW BUYERS**

In this process, builders have rediscovered first-time home buyers. Some say their infatuation will outlast the downturn. But will it, given the propensity of builders in the past to build homes that fetch the highest price and greatest margin?

“That’s the \$64,000 question,” says Nelson Chung, president of Pacific Communities in Newport Beach, Calif. “Granted, there are a lot of first-time buyers out there. But they don’t have good credit, so it’s hard to get them qualified, and they don’t have the down payment.”

Barton of CBH Homes notes that demand for his company’s smallest (around

900 square feet) and most economical homes hasn’t been that great. What’s been more useful from a sales standpoint has been the “value packages” that CBH offers to suit different customers’ affordability needs. “We’re finally understanding what our customers want and are asking for.”

CBH Homes has experimented with texting, blogging, and other interactive media to stay in contact with brokers, agents, and customers. Barton is not sure how effective this is, though he acknowledges “it’s not something that you can do a little of, or sometimes.”

Richard Elkman, president of Group



**BUILD FOR BANKS**

Ryan McGowan says his company, Puyallup, Wash.-based Premier Communities, would be in even worse shape were it not for fee contract work to build out REO lots for banks.

Premier launched a new division, Portola Homes, for that purpose, and started 29 homes in September and October. By putting houses on lots, banks are recovering \$20,000 more than they would from selling vacant real estate. Premier captures between 5 percent and 7 percent of what McGowan admits is a “stripped down” selling price. “It covers the overhead.”

Finding fee work is still tough, though, because banks are reluctant to release lots until market conditions improve. Chicago-based Magellan Development recently reactivated its Project Services subsidiary, which co-CEO Joel Carlins says helps banks analyze a project to see if it’s worth completing.

“Banks don’t want anyone to know about their [REO] property; you have to do your homework to find out,” says Ohly of Eagle Construction of Va., which is building for banks on a fee basis and purchasing unfinished homes and splitting the profits from the sales. These arrangements, he says, are “putting us into new markets,” and “allow us to maintain our core staff.”

Two Advertising, thinks builders must do a much better job reaching customers via the marketing platforms these buyers are most comfortable with. "A lot of builders think that all you need is a website," he says. "But builders don't have a strategy for analyzing the potential of their traffic. And what [builders] need to ask themselves is what's your [market] position, what's your competition, what's your goal, and what can you afford?"

## CORE COMPETENCE

As they prepare for the future, builders should also be asking themselves if their companies are staffed correctly

# 2

## FIND NEW FINANCIAL SOURCES

"Banks are the enemy," Barton of CBH Homes was told early in his career. He also knows that future borrowing from banks will hinge on how well his company "performs."

Building less means borrowing less. This fall, Pacific Communities was using only 30 percent of a \$110 million revolving credit line, which it lowered recently from \$160 million.

But when business picks up, builders will need to re-cultivate relations with banks that have zero confidence in the housing industry. Cellar, who owns Providence Homes, says the five banks he borrows from are far less willing to finance new than existing projects. Ennis Homes, which filed for bankruptcy protection in February, remains active only because its contractors accept payment when houses close.

Neal Communities recently renewed its credit lines with two banks. But it is also tapping other resources, such as hedge funds. In October, Eagle Construction of Va. was assembling a \$50 million fund with 40 investors. "Private equity will be the way of the world for a long time," predicts Ohly.

and sufficiently.

Across the industry, builders laid off anywhere from one-half to two-thirds of their workforces. Those personnel cutbacks were particularly drastic in the field, where access to labor is also limited because there are far fewer immigrant workers in the U.S.

# 3

## GO SMALLER

Like many builders, Ennis Homes succumbed to the urge to build bigger houses during the last boom. But 18 months ago, this Porterville, Calif.-based builder dusted off some house plans from the 1990s and came up with a 1,500-square-foot, entry-level house it could sell for \$140,000.

Builders everywhere are rolling out smaller models to meet customers' demands for efficiency and affordability. D.R. Horton, for one, is selling homes under 1,000 square feet. A 947-square-foot bungalow priced at \$125,900 is Neal Communities' bestseller. Neal says residents of his company's Forest Creek neighborhood recently voted 23-3 to allow the builder to construct smaller houses there because "they know you can't go back to the way things were."

Those buyers still craving outsized abodes want bargains. "Houses need to be priced at \$90 per square foot" to sell, observes Chung. As it dropped prices to 2002 levels, Providence Homes readjusted its construction practices to lower its costs. Bill Cellar thinks size and quality will be dictated by the need to keep houses under \$250,000 as long as price colors customers' choices about what they will buy.



**SNUG FIT:** Neal Communities' best-selling house plan has been a bungalow under 1,000 square feet.

It would be difficult for many builders to ratchet up their operations significantly if business conditions suddenly improved.

But builders aren't eager to elevate their production to boom-era levels, either. Virtually none of the builders interviewed has been replenishing their management teams with new hires. Most say they are content to rely on a "core" of essential associates who will be the foundation of leaner operations with fewer employees and supervisors.

"My takeaway from the recession is that I built a strong loyal team that stayed with me, and we all landed on our feet," says Pat Neal, owner of Neal Communities in Bradenton, Fla.

# 4

## GO GREENER

As demand expands and mandates loom, builders large and small are seeing the value in energy-efficient construction.

Through Oct. 12, 8,922 builders had registered to use the NAHB's scoring tool for green building, 540 homes had been certified to the association's guidelines or standards, and another 4,500 are in the certification process.

The 20 houses that Denver-based Harvard Communities built this year are 50 percent more efficient than code. Harvard also has a series of homes that is near net-zero energy. Energy efficiency "has become part of our brand," says president John Keith, whose company was Built Green Colorado's 2008 Builder of the Year.

But Keith speaks for many builders when he wonders if his homes exceed what customers will pay for. Harvard's energy-efficient construction adds between \$20,000 and \$50,000 to the price of its homes, which now average around \$700,000. That's a tougher sell to price-driven customers, he concedes.

Energy efficiency and affordability can be compatible, as Artistic Homes in New Mexico and Ideal Homes in Oklahoma have proven. And Keith believes energy efficiency will be a differentiator for future buyers. Even if Harvard scales back a bit on green, "we'd still exceed our competition."

# 5

## BE BETTER PREPARED FOR CYCLICAL CHANGES

In an era of uncertainty, Chung of Pacific Communities is certain about one thing: Another housing downturn is inevitable. "Home building is a highly leveraged business, and big builders are going to act the same as they did before," once market conditions improve, he says.

Must builders, then, resign themselves to a vicious circle of traumatic booms and busts? Not necessarily. Some say the recession has convinced them that trying to compete with public builders' growth is a losing proposition, and that they must follow a more practical and fundamental course.

"We're committed to being conservative in the face of exuberance," says Simon of Harwood Homes. "If we can make a profit in the single digits, that's good enough. Ten percent net is a sustainable business."

Ennis wants to prevent his company from being trapped again by unbridled debt and expansion. At peak, this builder owed banks \$120 million; now its debt is \$80 million "and going down." In 2005, Ennis Homes started 500 homes and closed 420. "The key now is for 250 to 300 [closings] to be our sweet spot."

# 6

## RELOAD YOUR MARKETING

Just as builders are embracing the Internet as their primary contact point with customers, social networks such as Facebook and Twitter are emerging as potential marketing tools. Those networks have become essential communications outposts for cell phone-addicted Americans, including younger first-time home buyers who are many builders' main customers right now.

Hoover, Ala.-based Signature Homes made Facebook the focus of a marketing campaign it initiated for its Ross Bridge community. There, buyers of 10 live/work townhomes had all



pulled out of their contracts when Fannie Mae stopped guaranteeing 30-year, fixed-rate mortgages. Those units sat empty for six months, "so we had to start over again," says Jonathan Belcher, Signature's president.

### SEEKING BFFS:

Signature Homes promotes via Facebook.

Signature Homes promotes via Facebook. In late September, Signature launched a website for Ross Bridge with Facebook as its landing page designed to give visitors the impression that the young woman on the page lived in one of the 1,100-square-foot flats, whose prices range from \$169,000 to \$180,000. Signature's support ads targeted younger female prospects working in a nearby hospital and attending a local university.

If this \$32,000 campaign is successful, Belcher says he might try something similar for a 100-unit project Signature is trying to get rezoned from office condos to residential.

# 7

## REINVEST IN YOUR EMPLOYEES

Consistent sales and a swing towards profitability make it likely that Neal Communities—which cut its staff in half during the recession—will fill 11 positions to support its design center during the first quarter of 2010, says Neal.

Neal, though, is rare among most builders still in survival mode. "I had a two-person forward planning department that I'm running myself now," says Simon of Harwood Homes, whose closings this year are one-tenth of what they were in 2008. "Everybody here is doing double duty."

As they rescale their production objectives, builders say they'll get by with less going forward. "We're building almost the same number of homes we did during the peak, but with one-third of the people," says Cellar of Providence Homes, whose workforce is down to 13 from 50 in 2006, when it closed 297 homes, versus about 200 this year.

Getting maximum effort from employees, though, will require a cross-training paradigm. Harkins Builders concentrates on what its president calls a "top grading" process that keeps improving its personnel through development and coaching.

# 8

## EMBRACE OPPORTUNITY

Harkins Builders specializes in multifamily and military base projects. But the Maryland-based builder also ventures into commercial, student housing, senior living, and renovation.

"We're always scrambling to find business opportunities," says Harkins' CEO Lombardo, whose company hasn't laid off a single associate during the recession. Its sales this year will be off only about 8 percent, to \$230 million.

The downturn has opened other builders' eyes to diversity's benefits. Half of Pacific Communities' 165 deliveries in 2009 are rental units, which this Newport Beach, Calif.-based company got into three years ago. "Instead of giving away homes that weren't selling, we've converted them to rentals," explains Chung.

Eagle Construction of Va. has gravitated toward "commercial tenant uplift," where it's finishing retail stores within existing shells. "This brings a new discipline to our business," says Ohly.

Camp Hill, Pa.-based modular manufacturer Excel Homes now offers a "set service," which places its 40,000-pound factory-made modules onto foundations at jobsites. A turnkey sprinkler service should help its builders comply with new sprinkler codes. Excel's president Steve Scharnhorst also wants commercial and multifamily production to eventually represent 20 percent of revenue, from 15 percent today.



**PRODUCT PLACEMENT:** Excel Homes will now put its modules on pads.

# 9

## REFLECT ON WHAT HAPPENED

"Give us an inch, and we'll take a mile." That's Ohly's take on how builders' actions contributed to an epic housing recession that will linger into next year.

With industry losses in the tens of billions of dollars and hundreds of thousands of workers, some home building executives are finally conceding that they can't pin their woes solely on the usual suspects—venal mortgage lenders, aggressive Realtors, avaricious investors, out-of-control public builders, clueless home buyers, government regulations. They also blame themselves and their brethren for believing that demand was endless, without thinking about the hangover after the party. "You can't have a 2005 without a 2009," observes Neal.

"The 100-year storm is possible," adds Simon. "The market became so overheated that everyone and his brother became a developer." And in their quest for market share and profits, established builders ignored fundamental management tenets. "The more homes you deliver, the more problems you have," says Chung.

Barton says "humility" now informs his decisions about expansion. "I've also learned not to spend all our money, no matter how good a deal looks."

# 10

## BELIEVE IN THE INDUSTRY AGAIN

An economic storm that rocked their world may have lowered builders' short-term expectations. But it hasn't shaken their unflappable optimism.

Some builders have more to be hopeful about than others. Harkins Builders made money in 2009 and should do so again next year. "We're ready for an upturn in 2010," says Lombardo. "We have the right personnel and certainly have the capacity. Our relationships with our trade partners are as strong as ever."

Future success, though, may be a matter of perspective. Pacific Communities, which closed about 160 homes in 2009, owns 10,000 lots outright. Its president measures profit based on gross margin and not by internal rate of return that other builders are obsessed with. "So I can look at these lots as long-term assets," says Chung.

In September, Neal Communities had 27 net sales and was on track to close 22 homes in October. The builder also has more than 400 houses under construction "This is a time of great opportunity," says Neal. "It's fun when you're at the top and it can be fun when you have challenges. We're building specs again, and I like the challenge." **B**



People give to charity for many reasons. We give to keep alive the memory of our daughter and sister who died in a tragic accident in 2003 when she was only 20-years-old. We established the Elizabeth Anton Habitat for Humanity Fund four years ago through the Homebuilding Community Foundation (HCF), and many of my friends and colleagues in the housing industry have made generous donations to the fund in her name.

---

## WHY DO WE GIVE THROUGH THE HOMEBUILDING COMMUNITY FOUNDATION?

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HCF makes it easy, because we can contribute to Elizabeth's fund at any time; in addition, HCF has managed and invested the funds effectively, so, when we identify a Habitat for Humanity project we would like to support, we can make a generous grant. To date we have helped fund the construction of two homes for families in need in suburban Washington, D.C., and homes for some 15 families in war-ravaged southern Lebanon. This year we will continue to support Habitat's rebuilding efforts in Lebanon and contribute to a Habitat project in Pittsburgh, where Elizabeth's grandmother lives.

Placing Elizabeth's name on our donations helps us keep her memory close to our hearts as we help families in need. While donations from Elizabeth's fund are made in her name, the entire homebuilding industry benefits, because the contributions, in a way, symbolize housing industry's support for good causes in communities across the country.

**Frank Anton**  
CEO, *Hanley Wood*

**Emily Anton**

**Margaret Anton**

For information on how you can establish a charitable fund to support nonprofit causes important to you and/or to keep the memory alive of one of your loved ones, please visit: [homebuilding.org](http://homebuilding.org) or contact Judy Everett at 713-333-2200 or [jeverett@ghcf.org](mailto:jeverett@ghcf.org).

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# Builder

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DECEMBER 2009



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virtually  
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Products  
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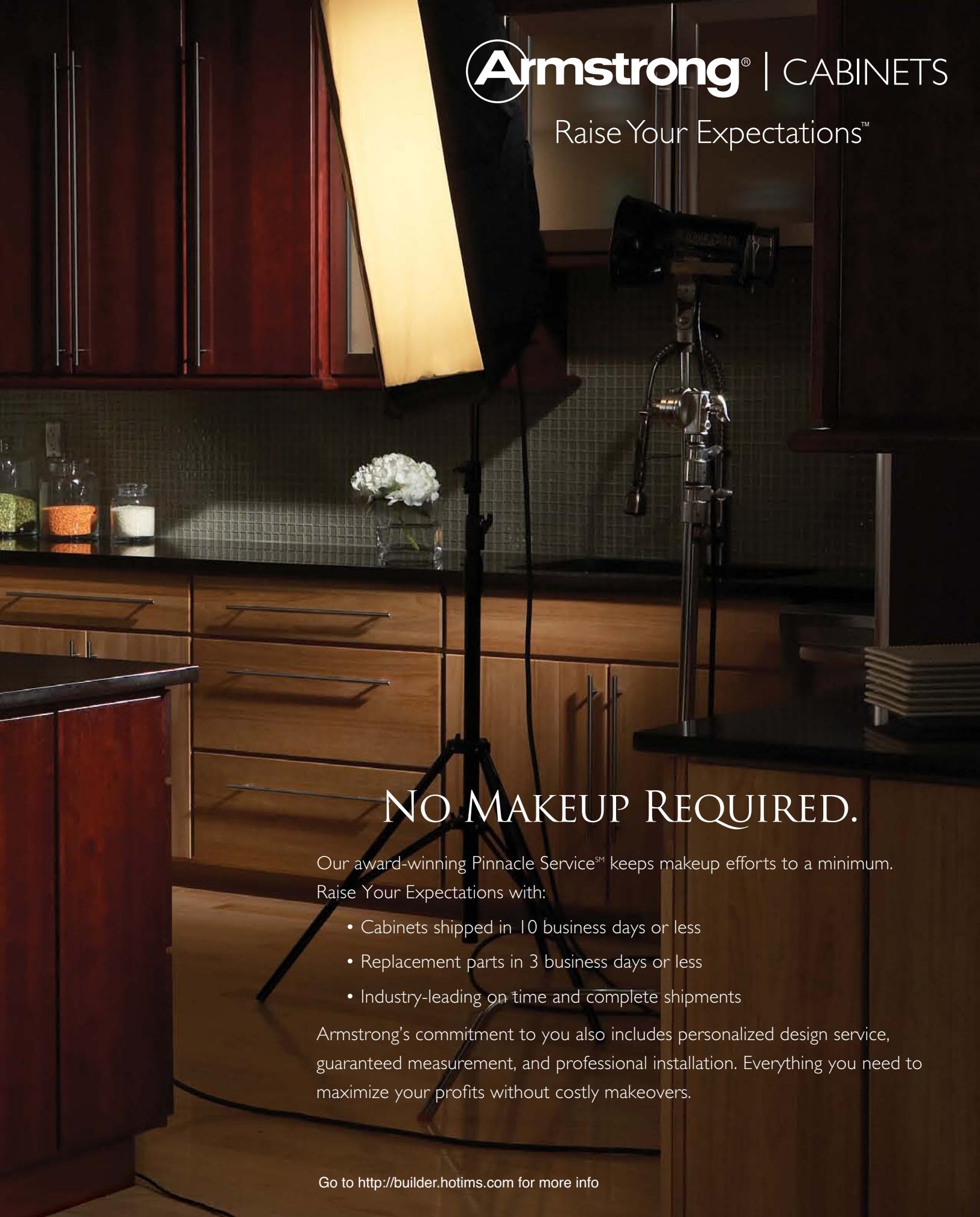
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**2010 PRE-SHOW PLANNER**

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# It's That Time Again!

*The International Builders' Show is fast approaching, and it's a great way to start off the new year.*

**T**HINGS ARE FINALLY LOOKING UP FOR HOUSING AFTER THE worst slump in decades, and the International Builders' Show (IBS) will provide the tools, resources, and information that can help you make the best of what is likely to be a fitful recovery.

The show will be held in Las Vegas from Jan. 19–22, and the

NAHB is offering some sweet registration deals to make attending both affordable and convenient. They range from exhibits-only to full registration, which also provides access to more than 175 educational programs that have been carefully crafted to help members of the home building industry compete in today's unsettled housing market.

You can find more details at [www.BuildersShow.com](http://www.BuildersShow.com), but remember the sooner you register, the better the price. And don't forget that there are some great deals at Las Vegas hotels, making attending the show an especially practical business decision.

In addition to making attendance more cost-effective, we have done everything possible to tailor the educational programs and other events to the industry's needs.

We are especially proud this year to be introducing a unique and exciting new feature, the Partnership Pavilion. We know that many members are having trouble finding debt and equity funding, so we have arranged to have representatives from Wall Street, banking interests, and private equity lenders on site to meet with builders and explore funding options for land development, residential construction, and light-commercial projects.

Prior to the show, NAHB members will have the opportunity to submit project information and specifications on their companies through a special portal on [www.NAHB.org](http://www.NAHB.org). At that time, several potential funding sources will review this information, and those who are interested in further exploring a given deal will be able to sched-

ule a meeting at the Pavilion with the designated applicant. Keep an eye on [www.nahb.org/partnership](http://www.nahb.org/partnership) for further information.

Additionally, many educational programs focus on business strategies for coping and moving forward in a marketplace that is slowly recovering from the downturn. Grouped into about a dozen major categories, they cover such subjects as business management, sales and marketing, architecture and design, green building, multifamily, and remodeling.

A popular feature that we introduced at the 2008 IBS—daily keynote speakers—will continue at the upcoming IBS, and for the first time all keynote addresses will be open to all attendees, no matter what type

of registration they have. The keynote speaker at our opening ceremonies on Tuesday, Jan. 19, will be humorist Dave Barry whose unique view of the world is sure to bring a smile to your face and get your IBS experience off to a great start.

On Wednesday, eco-business expert James Cantor will discuss the emerging trend of “green and clean,” and outline the course that every organization needs to follow in order to survive in the 21st century.

On Thursday, the focus will switch as a blue ribbon panel of experts addresses how to use non-traditional approaches to stay in business.

Friday's keynote speaker, Dan Heath, will reveal a simple, three-part framework that will help you make changes in tough times, whether the change you seek is at work, at home, or in society.

Networking with other attendees is another huge benefit of the IBS. Whether it's at a scheduled event, talking to a supplier on the exhibit floor, or meeting another builder on the shuttle bus to the convention center, the IBS is the place to make contacts and cement relationships that can help your business thrive and grow.

And, of course, there are the exhibits, the crown jewels of the IBS. Acres of displays showcase the innovative products and services that buyers will demand as the market builds up steam. If there's something that you need to build a house and you can't find it here, chances are that you won't find it anywhere.

There's a lot to see and do at the IBS, and to help ensure that you see everything that interests you, the NAHB has created an online show planner. You can access it at [www.BuildersShow.com](http://www.BuildersShow.com) along with an interactive show floor plan and detailed information about registration, educational programs, events, and much more. I urge you to use it while planning your IBS experience so that you can be sure to see and do everything that is important to you.



**JOE ROBSON**  
CHAIRMAN OF THE BOARD, NAHB  
WASHINGTON, D.C.

# SHOW HOME TOUR

BY RICH BINSACCA

It's a brave new world for our annual show homes at IBS 2010, both of which reflect how the industry has changed—and must adjust—to new realities.

## BUILDER CONCEPT HOME 2010: A HOME FOR THE NEW ECONOMY

Our 2010 concept home goes totally virtual, presenting a 1,700-square-foot house that shows builders a path to a profitable and sustainable future.

**I**F YOU'VE NEVER TAKEN A PERSONAL, PRIVATE TOUR of a national show home, the 2010 BUILDER Concept Home is your chance. Presented exclusively online as a photo-realistic virtual experience, the Home for the New Economy affords builders the opportunity to walk through an adaptable, sustainable, livable, and buildable 1,700-square-foot house from the comfort and convenience of their own desktop.

“Our goal this year is to respect and reflect what's going on in the industry right now and present what we believe is the model for the future,” says BUILDER's editorial director Boyce Thompson.

One of several New Economy Homes created by Miami designer Marianne Cusato (of Katrina Cottage renown), the two-story house strips away the gratuitous trimmings and trappings of the McMansion era—things such as tacked-on porches, masonry façades, and palatial master suites—and returns the house, its floor plan, and its finishes back to a human scale. “McMansions promised a better life, but they didn't deliver,” says Cusato. “We need to get back to basics and create comfortable, livable housing that's sustainable.”

To define “sustainable,” Cusato goes beyond reducing a home's carbon footprint with a concept for housing that serves the owners' needs from first-time buyer to empty-nester—a distinct paradigm shift

from the recent past. “Whenever people experienced a major lifestyle change, such as a child or an at-home business, they had to move because the house didn't suit them anymore,” she says. “This house adapts to whatever your personal economy happens to be.”

Cusato also engaged building scientist Mark LaLiberte to add his perspective on the subject of sustainability. Minneapolis-based Room & Board served as the interior designer and furnishings supplier, while Christian Wagley of Alys Beach, Fla., designed the landscape plan.

Of course, opening a concept house as an

exclusively virtual experience presents its own shift for a legacy of BUILDER-sponsored show homes that date back to 1998. “The wealth of content we can provide online in a 24/7 context is far more than any sticks-and-bricks show home,” says Thompson.

The BUILDER Concept Home 2010: A Home for the New Economy will open for virtual tours beginning Tuesday, Jan. 19, 2010, the opening day of IBS, and remain open through June. BUILDER will feature the home in its January 2010 issue, and the house will be the focus of the Hanley Wood booth (#C2128) at IBS 2010.



**NEW FOUNDATION:** The Concept Home offers a more buildable and sustainable model for reviving the housing industry. The finished virtual house will be open for online tours on Jan. 19, 2010.

## THE NEW AMERICAN HOME 2010

The construction lending crisis hits the industry's longest-running show home program, threatening its completion in time for IBS.

**B**Y THE TIME YOU READ THIS, LAS Vegas builder Adam Knecht of Domanico Custom Homes may indeed have found the \$1.8 million he needed to finish The New American Home 2010 for the upcoming IBS. But as of early November, the nearly 6,200-square-foot, desert contemporary house remained only 75 percent finished and eerily quiet as subcontractors waited for Knecht to secure financing and get the project moving again.

It's a shame, too. Big and beautiful, well-appointed and well-suited within an infill enclave of seven other like-sized luxury homes, the house was on its way to achieving some remarkable performance thresholds (including a preliminary estimate of 47 percent whole-house energy savings compared to the Building America benchmark) and a Platinum rating from the NAHB's Green Building Program.

Using 10-inch-thick insulated concrete forms as its primary structural system and advanced framing materials and methods for the rest of the shell, a comprehensive insulation package that optimizes different technologies for their most-appropriate applications, and a dedicated effort to divert construction waste away from the landfill—among several other examples—The New American Home 2010 presents what it has since the program's inception in 1984: leading-edge ideas and solutions that builders can readily apply to their own projects.

Should financing not come through in time, the NAHB is considering several options to present the unfinished house to IBS attendees, including a virtual presentation using photo-realistic renderings of the completed house. "We are weighing how best to continue the program and serve all interests under these unusual circumstances," says Tucker Bernard, executive director of the National Council of the Housing Industry—The Leading Suppliers of NAHB, which cosponsors the annual project with BUILDER.

KTGY Group of Irvine, Calif., designed the stucco-and-stone-sided house.



**WORK IN PROGRESS:** A rendering of the finished home (above) reveals a desert contemporary style perfectly suited to the Las Vegas climate and the home's infill location. But as of late October, plastic and thin-foam sheeting protected cabinets, appliances, and other finishes that had been applied before work essentially ceased (below).



It features five bedroom suites (including a guest suite on the ground level), a grand, open foyer with accordion-fold doors to a courtyard and pool area beyond, corner-connecting, telescoping sliding glass doors flanking the family room's stone-faced fireplace wall, and an upstairs "man cave" with a private balcony.

A zero-edge swimming pool is part of an overall outdoor experience that includes a contemplative garden and an extensive cov-

ered outdoor kitchen and bar area—an oasis in the heart of an established infill neighborhood only a few blocks west of The Strip. Summers/Murphy & Partners of Dana Point, Calif., created the desert-themed (and drought-tolerant) landscape design.

Tours of the house during IBS 2010 are unlikely and to date unscheduled. Check [www.buildersshow.com](http://www.buildersshow.com) for updates as the opening of the annual trade show on Jan. 19 approaches.

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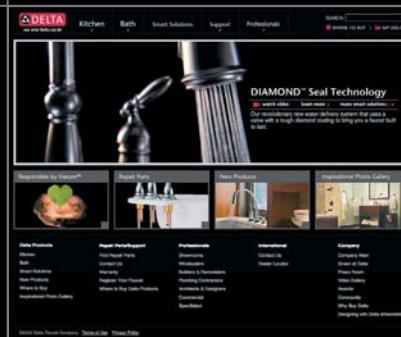
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# SHOW TIME

Even in the current economy, manufacturers at the 2010 International Builders' Show will be serving up a heaping helping of new products.

**W**HEN PEOPLE IN THE HOME building industry converge on Las Vegas next month for the International Builders' Show (IBS), they'll have a few other things on their minds—the economy, the slots, deciding whether to see a show featuring Lance Burton or one with David Copperfield.

But if history is any guide, they'll mostly be thinking about what kinds of new products manufacturers have in store for them at this year's show. Simply put, the new products are the best reasons to come to the show every year.

So what will there be to see in a time when research and development budgets have dwindled? Have no fear; manufacturers, like Lance and David, have a few tricks up their sleeves. Despite the recession,

some companies have managed to work up some brand-new introductions and produce major modifications to existing popular lines of products.

For example, as more builders pursue light-commercial work, Boise Cascade is introducing two new deep I-joists that are suitable for such applications. Phantom Screens has redesigned its original Executive retractable screen to come up with a unit that's smaller but flexible enough to fit a range of interior and exterior openings up to 10 feet wide. Overhead Door has created a chain-drive Legacy 800 garage-door opener that is quiet, powerful enough for heavy doors, and simple to install.

Once again, products that promote conservation, energy efficiency, and environmental friendliness will be front and center at the show. Among the many

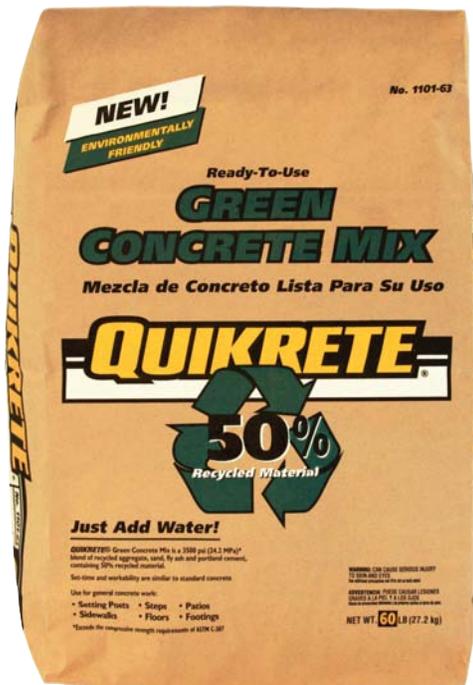
highlights, Quikrete will introduce Green Concrete Mix, which contains 50 percent recycled material, including recycled aggregates, fly ash, and slag cement. CertainTeed will now manufacture its CedarBoards insulated siding with 60 percent recycled scrap collected from jobsites and installers. And Marvin Windows and Doors is offering LoE3-366 high-performance glazing on its Integrity line of windows and doors to help keep heat inside in the winter and outside in the summer.

Of course, no one is suggesting you skip the shows on The Strip or shun the many fine educational sessions that will be offered at IBS. Come for the lights, the food, and the fountains at the Bellagio, but spend some time checking out the many cool products that can help you build a better house.



**DEEP COVER:** Two new lines of deep I-joists are now available for large custom homes or light-commercial construction. The BCI 90e series and AllJoist AJS-30 series can handle higher loads and span up to 44 feet 5 inches. ■ Boise Cascade. 208-384-6161. [www.bc.com](http://www.bc.com). Booth no. C3474.

# PRODUCTS



**HARD TIMES:** Addressing the growing interest in eco-friendly products, the manufacturer's Green Concrete Mix contains 50 percent recycled material, including recycled aggregates, fly ash, and slag cement. It diverts 0.25 cubic feet of waste from landfills per 60-pound bag of material. Each bag achieves a compressive strength of 3,500 pound per square inch in 28 days. ■ Quikrete. 800-282-5828. [www.quikrete.com](http://www.quikrete.com). Booth no. N2419.

**WIDE WEB:** Surround SR synthetic roofing underlayment provides secondary weather protection at a more affordable price than standard asphalt underlayment. The material is tear-resistant, won't wrinkle or absorb water, and, at 27 pounds per 10-square roll, saves on labor compared to 30-pound felt. ■ Fiberweb. 615-847-7137. [www.typar.com](http://www.typar.com). Booth no. NI426.



**UNIVERSAL DESIGNS:** This European manufacturer of low-level access showers and bathroom accessories now offers its products in the U.S. Its lineup includes shower pans, shower seats, grab bars, and full-height shower screens. Shower pans come in custom sizes and have a built-in drain slope. ■ AKW MediCare. 888-548-3259. [www.akw-medicare.com](http://www.akw-medicare.com). Booth no. NI045.



**CEDAR LIGHT:** The manufacturer developed a network of recyclers to collect scraps from vinyl siding distributors and jobsites. As a result, its CedarBoards double 6-inch clapboard insulated siding now contains 60 percent recycled material. It can increase the thermal performance of a wall by up to 30 percent and comes in lengths of 12 and 16 feet. ■ CertainTeed. 800-233-8990. [www.certainteed.com](http://www.certainteed.com). Booth no. C2026.



**LO DOWN:** The manufacturer's windows and doors now can be ordered with LoE3-366 glazing for superior energy efficiency. The glass uses three layers of silver oxide to help keep heat inside in the winter and outside in the summer. It also has an improved U-factor and solar heat gain coefficient, which meet the standards for federal tax credits. ■ Integrity by Marvin Windows and Doors. 888-537-8266. [www.marvin.com](http://www.marvin.com). Booth no. C4633.

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Offering the benefits and features of the company's original Executive Screen, the small motorized Executive Retractable Screen has a housing size of 4 inches by 4 inches, which will fit a range of interior and exterior openings up to 8 feet high and 10 feet wide. Sun and wind sensors allow the system to be programmed to extend and retract at specific times of day. ■ Phantom Screens. 888-742-6866. [www.phantomcreens.com](http://www.phantomcreens.com). Booth no. C5263.



**ICY HOT:** A new line of freeze-protection products includes slab de-icing and snow-melting solutions, as well as items designed to keep pipes, roofs, and gutters clear of ice. The freeze protection products come in various lengths, wattages, and voltages to suit any application. Controls, sensors, and thermostats also are available. ■ Nuheat. 800-778-9276. [www.nuheat.com](http://www.nuheat.com). Booth no. C657.



**STUDIO SPACE:** The Studio Collection offers a range of modules to make home communication easy and a variety of faceplates for an added personalized touch. Elements include the lyriQ whole-house audio system that can distribute four audio sources to four zones and a Selective Call intercom system that allows up to three simultaneous conversations. ■ On-Q/Legrand. 800-321-2343. [www.onqlegrand.com](http://www.onqlegrand.com). Booth no. C549.



**LITE RAIL:** French and sash doors are now available with simulated divided lites, offering the look of a true divided lite in a more efficient, single insulated glass unit. A "shadow spacer" between the glass and permanently affixed decorative bars help achieve a realistic look. The 7/8-inch-thick bars are available in two profiles in a range of wood species or PVC. ■ Simpson Door Co. 800-746-7766. [www.simpsondoor.com](http://www.simpsondoor.com). Booth no. C3374.

**FIT 'N TRIM:** You can now buy decorative trim for the maker's H3 line of recessed downlights. Intended for low-voltage, 50-watt MR16 lamps and line voltage 50-watt GU10 lamps, the pieces include etched and frosted glass, satin nickel, and Tuscan bronze finishes, and blue and amber colors. ■ Cooper Lighting. 770-486-4800. [www.cooperlighting.com](http://www.cooperlighting.com). Booth no. N2165.



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## PRODUCTS



**OPEN UP:** With a 1/2-horsepower DC motor and a chain system, the Legacy 800 opener operates at variable speeds for a soft start and stop, but it is still powerful enough to accommodate heavy doors. Simplified limit setting and programming help ease installation, while remote and accessory options make homeowner operation easy. ■ Overhead Door Corp. 800-929-1277. [www.overheaddoor.com](http://www.overheaddoor.com). Booth no. C3906.

**REIGN OF TERRA:** The Terra Collection is a cellular PVC product that resists stains and scratches. Available in tan and a rich chocolate brown, the decking has a wood-grain surface and is 40 percent lighter in weight than composites. Boards come in lengths of 12, 16, and 20 feet. ■ Azek. 877-275-2935. [www.azek.com](http://www.azek.com). Booth no. C4781.



**DESIGNER LINE:** Duration Shingles Designer Colors Collection includes new color combinations that give homeowners the opportunity to add accent colors. Regional palettes of five of the seven colors will be available in each region of the country. Like other Duration shingles, the line features SureNail technology and a wide nailing strip with Tru-Bond sealant. ■ Owens Corning. 800-733-1551. [www.owenscorning.com](http://www.owenscorning.com). Booth no. C3111.

**POWER FLUSH:** The Avalanche is the manufacturer's most powerful single-flush, gravity-fed toilet. Using only 1.28 gallons of water per flush, the WaterSense-certified unit features the company's XP3 flushing system, a 3-inch flush valve, and a trapway design that contributes to the performance. It comes in white or biscuit. ■ Gerber Plumbing Fixtures. 630-754-0278. [www.gerberonline.com](http://www.gerberonline.com). Booth No. C4813 and C5412.



An ideal home is one that performs in harmony with nature - one that understands the critical elements of Building Science. It's a home that controls moisture, withstands the elements, is energy efficient, sustainable and of course, beautiful.

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As an accomplished custom home builder, you know what it takes to craft a beautiful house. But chances are the new economic realities are challenging your expertise and your business in significant ways. Many builders are finding themselves having to brush up on old skills or add new ones to the portfolio.

Custom Home magazine has assembled a quartet of must-attend virtual sessions, designed to sharpen your talents and broaden the scope of your company. Join us in cyberspace, and we'll save a seat for you.

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- Grand Opening Ceremonies with Dave Barry

**2010**  
NAHB IBS  
PREVIEW

January 19-22, 2010 | Las Vegas | [BuildersShow.com](http://BuildersShow.com)





# Re:educate Yourself FOR SUCCESS

Every savvy home builder knows that success requires far more than simply being good with a hammer and saw.

In fact, most builders would agree that craftsmanship is only the entry ticket for the trade. To succeed in today's market, a builder needs a host of other insights and skills to win new business, manage more profitable jobs and respond to changing consumer demands, such as green building. Such skills and insights can't be readily learned on the job site — so where can a builder acquire them?

For tens of thousands of builders across the country, the answer is the education held at IBS. IBS offers more than 175 educational sessions on topics covering every aspect of the home building business. To make it easy for attendees to plan their schedules, IBS sessions are arranged in twelve 'tracks' or topic areas:

- 50+ Housing
- Architecture, Design & Community Planning
- Business Opportunities & New Markets
- Construction Codes, Methods & Systems
- Economic Trends & Housing Finance
- Green Building & Sustainability
- Innovation & Technology
- Legal Issues & Government Regulation
- Multifamily
- Organization & Building Management
- Remodeling
- Sales, Marketing & Customer Focus



**Core Content Sessions** are designed specifically for those new to the industry or topic. If you are thinking about dipping your toe into green building or exploring a transition into a different market segment, these sessions will provide the information you'll need.



**AIA CES credit** IBS will offer 56 education sessions and three pre-show education sessions approved by the American Institute of Architects (AIA) Continuing Education Systems. Credits earned will be reported to AIA's CES Records, helping AIA members meet their annual Continuing Education requirements.

**In addition to the expanded education offerings, IBS offers pre-show courses on dozens of topics providing credits toward professional designations, advanced-level sessions with the most popular topics offered twice and daily keynote speakers on business marketing, communications, green building and more.**

*"The International Builders' Show is a great opportunity to network with other professionals and get the latest pulse on the market. Excellent educational programs and the newest innovations in the building industry...what more could you ask for?"*

John A. Palumbo, CMP, MIRM  
author of *What's Your Sales DNA?*  
and *Close and Grow Rich*

## GRAND OPENING CEREMONIES



### Together Today... Stronger Tomorrow

9:00 am, Hall S3  
Las Vegas Convention Center

The last couple of years have been challenging for our industry, but the Opening Ceremonies will be an uplifting and motivational event that will celebrate our industry and the road to recovery in 2010 throughout America. Plan to attend the Opening Ceremonies and start the show off with a clear message that home builders are coming back... and we're coming back stronger than ever before!

NAHB is thrilled to welcome famous humor columnist, Dave Barry, as the Keynote speaker during the Grand Opening Ceremonies. For 25 years Barry was a syndicated columnist whose work appeared in more than 500 newspapers in the United States and abroad. A snippet of Barry's official bio reads, "In 1988 he won the Pulitzer Prize for Commentary. Many people are still trying to figure out how this happened."

Doors open at 8 am. Limited general seating available on a first come, first served basis.

# Re:Invest

For the Future



## Exhibit Hall Hours

Tuesday, January 19  
9:30 am – 5:00 pm

Wednesday, January 20  
9:30 am – 5:00 pm

Thursday, January 21  
9:30 am – 5:00 pm

Friday, January 22  
9:30 am – 2:00 pm

## SPIKE PARTY & DIRECTORS' RECEPTION FEATURING STYX

The Joint at the Hard Rock Hotel & Casino | 7:00 – 10:30 pm



The 2010 Spike Party just might be the best line-up yet! The food and drink will be great as always but this year, the band will be off the hook!

Come join the fun as all eligible Spikes\* party to the hits of the American rock band, Styx in the hottest music venue in Las Vegas, The Joint at the Hard Rock Hotel & Casino. Start filling out your dance card now, you don't want to be standing there alone when the band starts playing "Lady!"

\*Tickets are required and can be picked up onsite, with photo ID, at the Spike Party Booth, Central Concourse, Las Vegas Convention Center. Eligible Spikes have a minimum of six credits and must have earned one new member recruitment credit between January 1 and October 31, 2009. The one recruitment credit can be a full credit for a new Builder or Associate member, or two ½ credits for new Affiliate or Council members.

For more information, please email [membership@nahb.com](mailto:membership@nahb.com).

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*"I have attended every Builders' Show since 1979 because it is the best opportunity to touch, feel, investigate, and grill the sales and tech people at the booths. Often, products are rolled out, introduced at the show, what a great opportunity to beat my competitors to the punch."*

Alan Hanbury, Jr., CGR, CAPS, CGP  
House of Hanbury Builders, Inc.

# Re:Think How You Do Business

## Daily Keynotes

### Wednesday, January 20

**James Canton**

*Eco-Business:  
Towards a Sustainable Future*

10:00 – 11:30 am

Open to all attendees



There is a new trend emerging: Green and Clean. It is transforming every business, customer and industry. This keynote charts the course that every organization will need to follow in order to succeed in the 21st century. Learn how to develop an Eco-Business strategy – through which your emphasis on sustainability will become a new competitive advantage, and your ticket to growth in market share. Learn from case studies, forecasts and bottom line examples that map the new model of Eco-Business.

### Friday, January 22

**Dan Heath**

*How to Lead a SWITCH*

10:00 – 11:30 am

Open to all attendees



All of us have things we want to change—in our businesses, our families and our communities. Some of these changes are big, yet can happen easily – while sometimes small changes can prove impossible. The reason hinges on some of the most fascinating findings in psychology. Building on this research, Dan Heath, co-author of *Made to Stick: Why Some Ideas Survive and Others Die* and the brand-new *Switch: How to Change Things When Change is Hard*, will reveal a simple, 3-part framework that will help you change things in tough times, whether the change you seek is at work, at home or in society.

### Thursday, January 21

**Tim Sullivan (Moderator) with Laurence Pelosi, RBC Capital Markets and Steve Hilton, Meritage Corporation**

*Resiliency Check! Using Non-Traditional Approaches to Stay in Business*

10:00 – 11:30 am | Open to all attendees



Tim Sullivan



Steve Hilton



Laurence Pelosi

This panel of experts will discuss how successful builders are making adjustments large and small to survive the current economic challenges. The panel format will allow you to “pick the brains” of the industry elite. Discussion topics will include non-traditional sales strategies that builders are using to sell homes quickly, even in the current environment, and how some builders are diversifying to hedge their bets.

### New American Home



Get a behind-the-scenes look at the latest green building technology, the hottest trends in outdoor living and the most up-to-date building techniques at The New American Home 2010 during the International Builders' Show (IBS). For the first time ever, visitors to The New American Home will see both finished and unfinished space – so that you can learn not only about the hottest products your consumers will want in their homes, but also the most efficient products that consumers can't see, but will still appreciate!

The New American Home will be open for free guided tours during the IBS exhibit hours.

## PROPANE 101:

# Do More With Home Heating by Understanding Regional Differences

### In the Northeast, propane tops fuel oil.

A high-efficiency propane furnace costs \$2,100 less to install and \$100 less to operate annually than a high-efficiency fuel-oil furnace.

## 29%

Price premium for fuel oil in Buffalo relative to propane.

### In the Southeast, propane trumps heat pumps.

A high-efficiency propane furnace costs 12% less to install and expels 24% fewer carbon dioxide emissions than an electric air-source heat pump.

## 13%

Price premium for electricity in Florida and Texas compared to the national average.

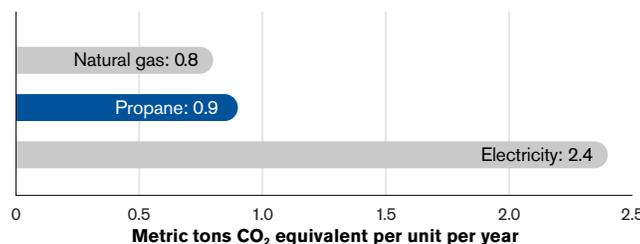
### In the West, propane has your back.

A high-efficiency air-source heat pump with propane backup recoups installation costs 40% faster than a ground-source heat pump with electric backup.

## 12-18 Years

Average lifespan of a home heating system in the U.S.

### Greenhouse Gas Emissions



### In the Midwest, propane is smarter than geothermal.

In a retrofit replacement, a ground-source heat pump pays back the homeowner in fuel-cost savings in six years. A high-efficiency propane furnace does it in less than 12 months.

### Looking to install the highest-performing home heating system?

**It depends on where you stand. Literally.** An eye-opening new training course on comparative home heating will teach you how different systems perform differently depending on location. The course, which is free and earns you continuing education credits, was created using data from a recent residential heating study conducted by Newport Partners.

Visit us at IBS to learn how propane can help you build more marketable homes.

## Booth N2819

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## Pre-Show Courses

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### JANUARY 15–16

Marketing Strategies, Plans, and Budgets (IRM II)  
The Challenge of New Home Sales Management (IRM IV)

### JANUARY 16

Business Management for Building Professionals  
Scheduling

### JANUARY 17–18

Green Building for Building Professionals  
Advanced Green Building: Building Science  
Lifestyle Merchandising, Advertising, and Promotion Strategies (IRM III)  
Understanding Housing Markets and Consumers (IRM I)

### JANUARY 17

Estimating for Builders and Remodelers  
Land Acquisition & Development Finance  
Marketing & Communication Strategies for Aging and Accessibility (CAPS I)  
Train the Trainer  
Trends & Research Methods to Define the Active Adult Lifestyle

### JANUARY 18

Builder Assessment Review\*  
Customer Service  
Design/Build Solutions for Aging and Accessibility (CAPS II)  
Financial Management  
Home Technology Integration  
Marketing to the Active Adult  
Professional Remodelers Experience Profile\*  
Spokesperson Training: Interview Skills  
Train the Trainer

### JANUARY 19

Spokesperson Training: Interview Skills

### JANUARY 20

Spokesperson Training: Presentation Skills

### JANUARY 21

Builder Assessment Review\*  
Professional Remodeler Experience Profile\*

*\*Advanced registration is required for BAR and PREP. Space is limited.*



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**First Floor:** 2,495 sq. ft. ■ **Second Floor:** 1,233 sq. ft. ■  
**Total:** 3,728 sq. ft. ■ **Bonus Space:** 351 sq. ft. ■ **Bedrooms:**  
 4 ■ **Bathrooms:** 3 1/2 ■ **Dimensions:** 66' - 10" X 57' - 6" ■  
**Foundation:** Crawlspace, Slab, Unfinished Walkout Basement

In an effort to help builders maximize profits, we are offering plans in this issue of BUILDER for 20% off regular price. Help your brand stand out with plans that have personality. Each design features market-busting qualities, including smaller footprints, flexible and open living spaces, simple rooflines, and custom touches that offer comfort and curbside appeal. \*Call 1-800-634-4773 by 2/28/10 to take advantage of this special offer.



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**First Floor:** 1,583 sq. ft. ■ **Second Floor:** 543 sq. ft. ■ **Total:** 2,126 sq. ft. ■ **Bonus Space:** 251 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 3 ■ **Dimensions:** 53' - 0" X 47' - 0" ■ **Foundation:** Crawlpace, Slab, Unfinished Walkout Basement



FIRST



SECOND

**PLAN # HWB1140002** ■ 5-SET \$740 ■ 8-SET \$910  
 ■ REPRO \$1,145 ■ CAD \$1,915 ■ PDF \$1,208

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**First Floor:** 2,384 sq. ft. ■ **Second Floor:** 1,234 sq. ft. ■ **Total:** 3,618 sq. ft. ■ **Bonus Space:** 344 sq. ft. ■ **Bedrooms:** 5 ■ **Bathrooms:** 4 1/2 ■ **Dimensions:** 64' - 6" X 57' - 10" ■ **Foundation:** Crawlpace, Slab, Unfinished Walkout Basement

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 ■ REPRO \$1,225 ■ CAD \$2,085 ■ PDF \$1,288



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**Square Footage:** 1,406 ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 50' - 4" X 49' - 0" ■ **Foundation:** Crawlpace, Slab, Unfinished Walkout Basement



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**PLAN # HWB1140004** ■ 5-SET \$630 ■ 8-SET \$690  
 ■ REPRO \$870 ■ CAD \$1,400 ■ PDF \$933

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**First Floor:** 1,087 sq. ft. ■ **Second Floor:** 1,163 sq. ft. ■ **Total:** 2,250 sq. ft. ■  
**Bedrooms:** 4 ■ **Bathrooms:** 3 ■ **Dimensions:** 40' - 0" X 54' - 0" ■  
**Foundation:** Crawspace, Slab



**PLAN # HWB1140005** ■ 5-SET N/A ■ 8-SET N/A  
 ■ REPRO \$1,000 ■ CAD \$1,735 ■ PDF \$1,000



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**First Floor:** 753 sq. ft. ■ **Second Floor:** 1,295 sq. ft. ■ **Total:** 2,048 sq. ft. ■  
**Bedrooms:** 3 ■ **Bathrooms:** 3 ■ **Dimensions:** 36' - 0" X 36' - 0" ■  
**Foundation:** Crawspace



FIRST SECOND

**PLAN # HWB1140006** ■ 5-SET N/A ■ 8-SET N/A  
 ■ REPRO \$935 ■ CAD \$1,570 ■ PDF \$935

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**First Floor:** 649 sq. ft. ■ **Second Floor:** 1,633 sq. ft. ■ **Total:** 2,282 sq. ft. ■  
**Bedrooms:** 3 ■ **Bathrooms:** 3 ■ **Dimensions:** 40' - 0" X 55' - 0" ■  
**Foundation:** Slab



**PLAN # HWB1140007** ■ 5-SET N/A ■ 8-SET N/A  
 ■ REPRO \$1,000 ■ CAD \$1,735 ■ PDF \$1,000

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FIRST SECOND

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**Square Footage:** 1,758 ■ **Bedrooms:** 3 ■ **Bathrooms:** 3 ■  
**Dimensions:** 46' - 0" X 55' - 0" ■ **Foundation:** Crawlpace, Slab



**PLAN # HWBII40008** ■ 5-SET N/A ■ 8-SET N/A  
 ■ REPRO \$935 ■ CAD \$1,570 ■ PDF \$935

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**Square Footage:** 1,497 ■ **Bedrooms:** 2 ■ **Bathrooms:** 2 ■  
**Dimensions:** 36' - 0" X 73' - 4" ■ **Foundation:** Slab

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**PLAN # HWBII40009** ■ 5-SET N/A ■ 8-SET N/A  
 ■ REPRO \$875 ■ CAD \$1,347 ■ PDF \$875

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**Square Footage:** 1,753 ■ **Bedrooms:** 2 ■ **Bathrooms:** 2 ■  
**Dimensions:** 36' - 0" X 80' - 8" ■ **Foundation:** Slab



**PLAN # HWBII40010** ■ 5-SET N/A ■ 8-SET N/A  
 ■ REPRO \$877 ■ CAD \$1,578 ■ PDF \$877

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**Square Footage:** 1,790 ■ **Bedrooms:** 2 ■ **Bathrooms:** 2 1/2 ■  
**Dimensions:** 38' - 0" X 87' - 4" ■ **Foundation:** Slab



**PLAN # HWB1140011** ■ 5-SET N/A ■ 8-SET N/A  
 ■ REPRO \$895 ■ CAD \$1,611 ■ PDF \$895

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**First Floor:** 1,927 sq. ft. ■ **Second Floor:** 749 sq. ft. ■ **Total:** 2,676 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 4 ■ **Dimensions:** 40' - 0" X 89' - 0" ■ **Foundation:** Slab



FIRST

SECOND

**PLAN # HWB1140012** ■ 5-SET N/A ■ 8-SET N/A  
 ■ REPRO \$1,338 ■ CAD \$2,408 ■ PDF \$1,338

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**First Floor:** 919 sq. ft. ■ **Second Floor:** 927 sq. ft. ■ **Total:** 1,846 sq. ft. ■  
**Bedrooms:** 4 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 44' - 0" X 40' - 0"



FIRST

SECOND

**PLAN # HWB1140013** ■ 5-SET \$885 ■ 8-SET N/A  
 ■ REPRO \$885 ■ CAD \$1,385 ■ PDF \$885

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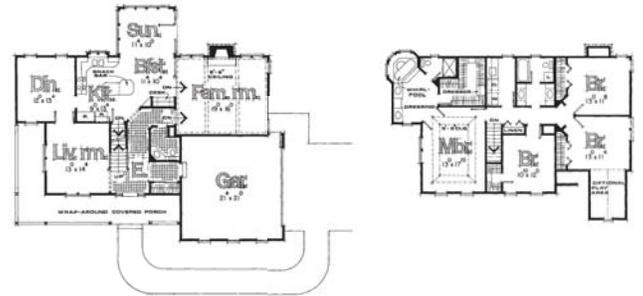
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**First Floor:** 1,322 sq. ft. ■ **Second Floor:** 1,272 sq. ft. ■ **Total:** 2,594 sq. ft. ■ **Bonus Space:** 80 sq. ft. ■ **Bedrooms:** 4 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 56' - 0" X 48' - 0"

**PLAN # HWB1140014** ■ 5-SET \$955 ■ 8-SET N/A  
 ■ REPRO \$955 ■ CAD \$1,455 ■ PDF \$955



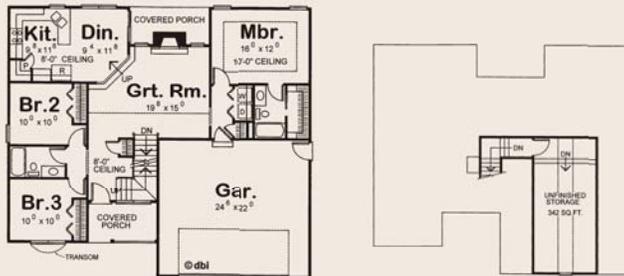
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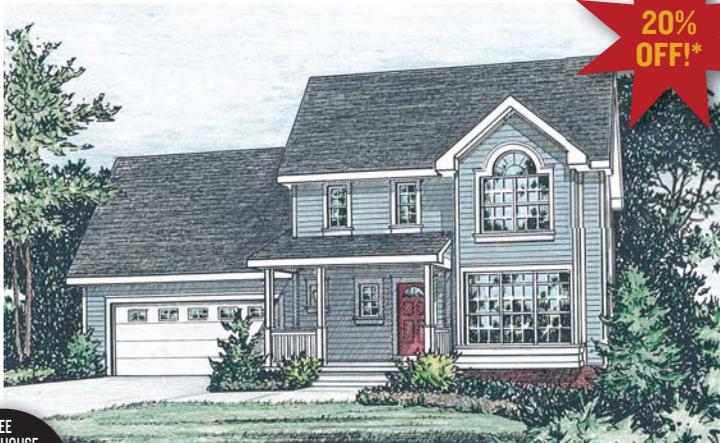
**Square Footage:** 1,676 ■ **Bonus Space:** 341 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 ■ **Dimensions:** 49' - 4" X 44' - 0"

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**PLAN # HWB1140015** ■ 5-SET \$835 ■ 8-SET N/A  
 ■ REPRO \$835 ■ CAD \$1,335 ■ PDF \$835

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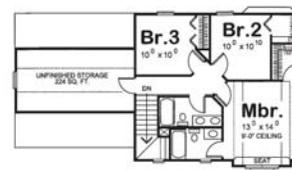
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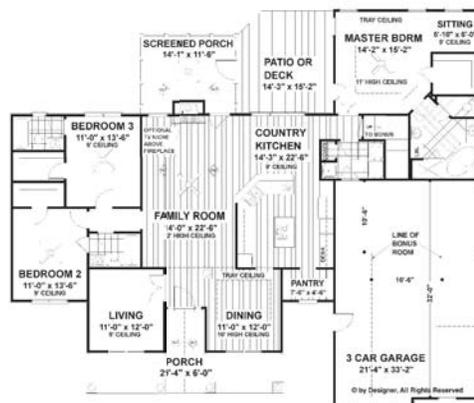


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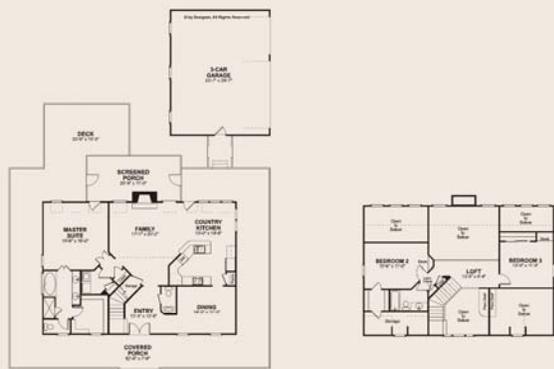
**Square Footage:** 2,097 ■ **Bonus Space:** 452 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 3 ■ **Dimensions:** 70' - 2" X 59' - 0" ■ **Foundation:** Crawlspace, Slab, Unfinished Walkout Basement



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**First Floor:** 1,512 sq. ft. ■ **Second Floor:** 586 sq. ft. ■ **Total:** 2,098 sq. ft. ■ **Bedrooms:** 3 ■ **Bathrooms:** 2 1/2 ■ **Dimensions:** 47' - 0" X 32' - 0" ■ **Foundation:** Crawlspace



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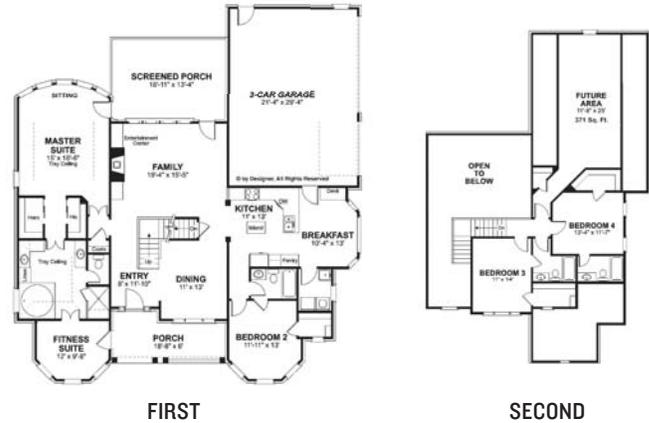
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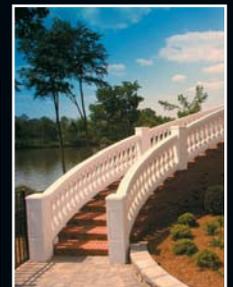
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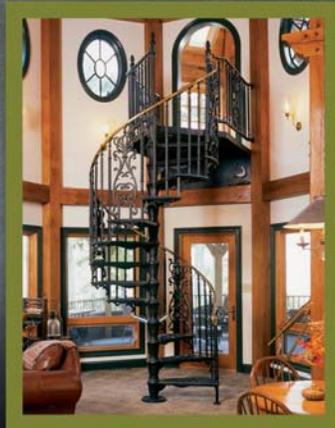
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Perrin co-heads Starwood’s North American investment business and oversees Asia. He is responsible for originating, structuring, underwriting, and closing investments in all property types. Since joining Starwood in 1997, Perrin has closed transactions with an aggregate value exceeding \$2.5 billion. He also supervises Starwood’s existing real estate investments in the markets he covers.

He spoke with **BUILDER** in late October.—*John Caulfield*

**Q:** With public builders trawling for land deals again, is the window for buying cheap land closing?

**A:** The public home builders have emerged as a dominant force in the finished-lot buying business again. However, finished lots only make up a fraction of the land that will change hands in the coming years. There is and will be lots of opportunity to buy complicated large broken communities, partially developed lots, and entitled paper lots at very attractive prices with low downside risk.

**Q:** What will get banks to value their own distressed assets at prices more attractive to potential purchasers such as Starwood?

**A:** Banks aren’t valuing their distressed assets to market prices because they can’t afford to take the writedowns to their capital. There needs to be a market clearing event that forces their hand, like an FDIC takeover or a recapitalization of the bank where new investors write the assets down and inject new capital to prop up the balance sheet at the same time.

**Q:** Where is Starwood looking for big tracts that might generate the 20 percent returns it seeks?

**A:** Our view is [that] Florida, California, Nevada, and Arizona will once again be healthy economies, and they are the most distressed housing markets so they are a big focus of ours. Although the Washington, D.C., metro housing market wasn’t as distressed, the region will continue to grow, especially with the current government’s policies, so we are focused there. We also like the eastern seaboard’s major cities between D.C. and Florida.

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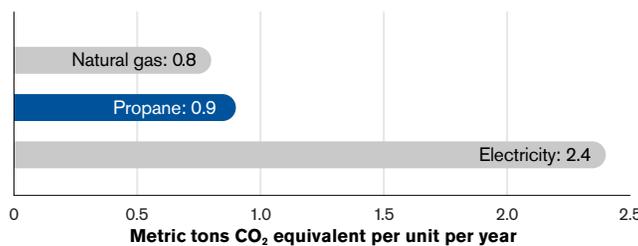
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