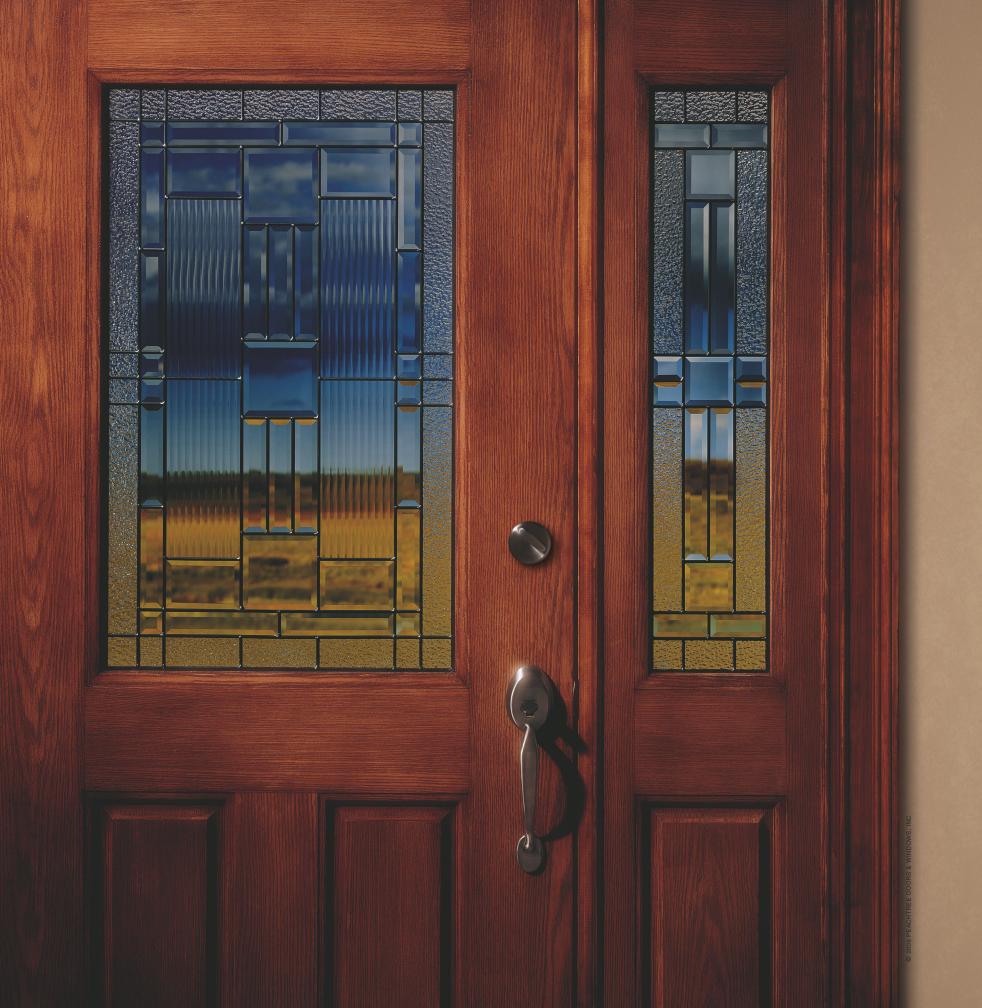


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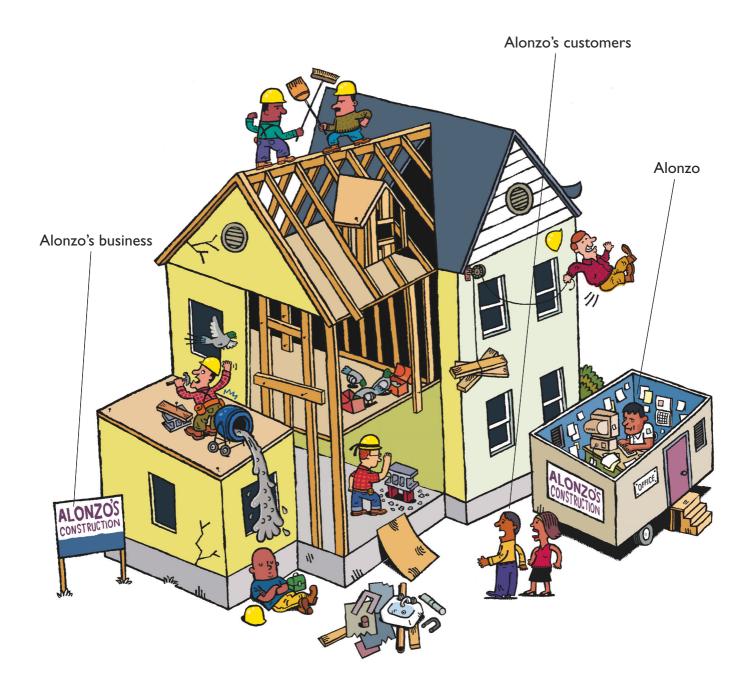


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Development and Discounts

Good Development?

I just opened up your November issue of Professional Builder and read the article "Its Sprawl or Nothing" by Scott Sedam with much disappointment about the thoughtfulness or real evidence provided in the article. Scott brags that he flies all around the coun-try and sees plenty of open space out-side of cities - conclusion there is no real problem concerning urban sprawl because there is plenty of farm land available. Well Scott, if I got on a space ship and went to outer space the earth would like very blue and pristine should I also conclude that this planet has no real environmental problems. To provide anecdotal evidence from 2000 ft Scott insults not only the intelligence of the reader, but seriously misrepresents the issue at hand.

The only thoughtful thing Scott has to say in the article is that the real issue is "good development vs. bad development." This I agree with, however, what Scott fails to mention which is the real key to the problem and that is what constitutes good development. Scott seems to suggest sprawl is ok as long as it is award winning sprawl. I can drive (not fly) around the country and drive an hour out of the city and find many projects that look great - nice mix of retail and open space throw in some Starbucks Coffees Shops a couple of Barnes and Nobles bookstores — hell even give the homeowners 32 different colors of vinyl siding and EIFS colors to choose from - custom and award winning neighborhood — you betcha!

Well this is what middle America has come to look like and I think it sucks. Good development is not buying farmland creating new McTowns far away from the urban core of cities. Good development is redeveloping inner city cores and neighborhoods that have been neglected and abandoned by the sprawl movement. Good development reconnects to the historical and architectural past of a city. It has people living and working in the same urban core which much less dependence on commuting, energy, and public high-



ways. Good development has a soul which is conscious of a city's arts, entertainment, and nostalgic past. Good development awakens a sleeping city, rather than abandoning it. This kind of "good development" done right is logistically hard and expensive to do — trust me our company has been doing it for over ten years in Washington D.C.

Scott suggests that the public is too ignorant to understand "the relationship between density and house pricing."

Well Scott, a funny thing happened on the way to downtown. The public did understand this relationship and have economically awarded the developers for the thoughtfulness of such urban redevelopments.

No farmlands had to be sacrificed for the real renaissance of Washington D.C. over the past 10 years. You don't give the public enough credit Scott.

My advice to you is to get your head out of the clouds on this one.

Mark Turner Abdo Development www.abdo.com

Discount Housing

As a builder, I was happy to read your "Perspective" column in the January 2006 edition of *Professional Builder*. Certainly, I would like every builder

and especially the ones in our market to buy into what you said. However, as a businessman and a life-long member of a free market economy, I must disagree with you.

Your perspective ignores the simple economics builders face today: housing supply is increasing. More homes are listed/built each week than are sold in our market.

Demand for housing is down in our market due to increased interest rates, increased levels of unemployment, etc.

Basic economics tells us that the price of housing will fall. The same house that was worth X dollars yesterday is now only worth X minus Y dollars.

I think is false to say that discounting disrupts the value equation and that it hurts the industry. Value is not derivative of costs — a fact that many builders find out the hard way. Value, by definition, is what a customer is willing to pay for a given good or service. As a customer myself, I know that with the current market conditions, I would be a fool to pay list price for a house, regardless of who the builder is.

In addition, I am not necessarily sure that discounting is bad for the industry. It allows all builders to reign in some of our costs — or at least slow the rise in costs. Smart subcontractors know they cannot perform their traditional first of the year plea for price increases, because they see the ads in the paper discounting homes.

They know that the market is tough and they know that their services are only worth what people are willing to pay at any given time for them — that their wages are really only the result of a larger convergence of labor supply and demand curves.

Believe it or not, we actually reduced costs in some of our key trades for 2006 vs. 2005 (same reputable contractors as the past 10 years).

So, while discounting homes costs us money today, I am convinced we can make that up later on when we can sell houses for full price, but we have effectively lowered or held pricing for important trades. Similar points can be made to material suppliers, as there are fewer jobs to spread around in a soft market. Our suppliers are going to take our threats to move our business down the road if their pricing gets out of whack that much more seriously.

Finally, discounting can really only work for real builders. The pretenders can't survive a market where discounting is prevalent for any substantial period of time. And that again, I believe is good for the market because these builders don't help anyone. They take our clients, ruin our reputations and do more to disrupt the value equation than any five or ten thousand dollar discount could ever do.

Anyway, that's my two cents. I know your column was well intentioned and I think it was well written. I just disagree. I'd be interested to hear your thoughts on my point of view.

NICK KOSTER Business Manager Roersma & Wurn Builders, Inc.

J.D.'s Power

I love reading Scott Sedam's columns

in *Professional Builder*. I never miss them. Scott's December 2005 column really caught my eye, as I was very interested in J.D. Power when I was still at Pulte.

Scott makes many interesting observations about the survey and the results, with the top-ranked builders patting themselves on their backs for the fabulous results they have achieved. But one thing that everyone overlooks is that the top scoring companies in the various markets around the country have been scoring in the 125 to 140 range. But out of what total possible score?

I seem to recall that 4 or 5 years ago the total points available was around 260. Today it's lower, I believe it's around 220. So 140 out of 260 yields a 63.6% grade. If that was on your son's report card he'd be flunking!

Yes the results are better every year and you have to give the top performers their due; however, the industry still has a long way to go to deliver real customer satisfaction.

I'm working for a private builder in Phoenix that is now embarking on a



serious J.D. Power initiative. It's really exciting to me, because I believe if someone really cracks the code on this issue they will own their market. Keep stirring the pot, it keeps people on their toes.

Frank Haunschild Trend Homes, Phoenix

CORRECTIONS

In Our December 2005 IBS Product Preview issue, we incorrectly identified two products in the structural category. They have been correctly identified below. In addition, our January 2006 Best in American Living Awards coverage incorrectly identified two of our Gold Winners. They are correctly identified here.



Category: Best Urban Smart Growth Neighborhood/Community Project Name: West River Commons Location: Minneapolis, Minn.





Category: Best Urban Smart Growth Neighborhood/Community Project Name: Chatham Square Location: Alexandria, Va.



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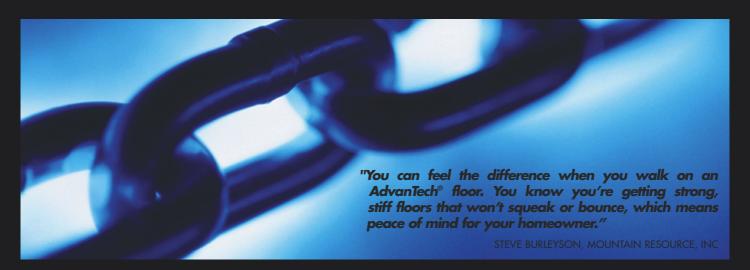
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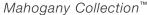
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Temporarily Permanent

Fifteen years after Hurricane Andrew, the temporary FEMA trailers that were put in place are still being used for housing. No matter how we strive, no matter how much we tear down and replace, no matter how we Americans fall passionately in love with the new and updated, we still end up with a built environment pockmarked by ugly temporary housing.

Now, after Hurricane Katrina, we have a housing crisis of even greater proportion than after Andrew. Of the 72,000 FEMA trailers put in place and occupied by Gulf Coast residents, how many do you imagine will still be sitting there 15 years from now? Half? A quarter?

In the end, those trailers will become a blight on the visual landscape of America. The value of the land will far outstrip the value of the residences, and the people living there will be spending their dollars almost entirely on renting land, not a home. This is a problem that we in the housing industry need to address.

I am not condemning the use of FEMA trailers to house people who have had their homes destroyed by Hurricane Katrina. As a country, we need to help these victims become stabilized so they can begin to move back into the routine of working, taking care of their children and living a more normal life. Life in a hotel room is far from normal because it is so drastically temporary and poorly suited to long-term residence.

A FEMA trailer is only slightly better than a hotel room. It does give people a more permanent place in the community by creating a stronger perch, but those trailers do not provide the kind of living environment that inspires people to greater achievement.

That sentiment may sound a little high falutin, but I am a firm believer that a



comfortable, secure and tranquil home provides such a strong grounding, that people — especially children — feel the confidence and security to test themselves against the wider world. If you have a place to retreat that reaffirms you and provides you sanctuary, your forages into the world around will be more productive and more effective in the betterment of the overall community.

The housing industry provides homes, and homes are sanctuaries. A sanctuary has to have permanence. In this month's issue, we report on the efforts by architect Andrés Duany and others to create Katrina Cottages for the displaced Gulf Coast residents. I encourage all of you to support this and other similar efforts to move the Katrina victims as quickly into permanent housing as we can. We are not doing it just for them. We can do it for ourselves. **PB**

Paul Defubaux

Paul Deffenbaugh *Editorial Director*

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Proactive Solutions

>> BY BOB SPERBER, SENIOR EDITOR

NAR Affordability Index Raises Questions

Experts consider housing affordability a

primary driver of housing demand. If a buyer's income rises and mortgage rates and/or house prices decline, chances are homes are going to sell like hotcakes...right? Maybe not.

The National Association of Realtors' Housing Affordability Index estimates the percentage of a house that a household earning median income can afford. An index value of 120, for example, means that family can buy 20 percent more home.

Affordability, as measured by NAR, peaked in 2003 at 142 and has since fallen 19 percent to 116, notes Brian Carey, economist with Moody's Economy.com and formerly with NAR. As it fell, housing continued to boom. In December, Carey noted that between 1989 and 1998, the correlation between housing affordability and existing home sales showed a strongly posi-

tive +0.76. "However, this correlation fell to zero from 1999 through the second quarter of 2003. Since then, the correlation has been -0.86!"

How could the index get it so wrong — almost 180 degrees? The assumptions behind the numbers didn't reflect market realities. For instance, the NAR index assumes, among other things, an average down payment of 20 percent, "which could generally be considered outdated given the availability of low-down-payment mortgage products," Ivy Zelman, analyst with Credit Suisse First Boston, says.

Additionally, all such indexes assume that lower prices and higher affordability are good for housing. Why, then, did flat prices fail to spark demand during the early 1990s recession in California? "Because consumers saw housing as a bad investment," says NAHB economist Michael Carliner. "At least in the short term, increasing prices don't reduce demand, they increase demand." In recent years, prices skyrocketed and so did sales.

HOUSING AFFORDABILITY INDEX									
	Median Priced		Monthly	Payment	Median		Affordability Indexes		
	Existing Single-	Mortgage	P&I	as a %	Family	Qualifying			
Year	Family Home	Rate*	Payment	of Income	Income	Income**	Composite	Fixed	ARM
2003	170,000	5.74	793	18.1	52,682	38,064	138.4	135.8	150.3
2004 r	184,100	5.73	858	18.9	54,527	41,184	132.4	128.6	141.5
2005 p	207,300	5.91	985	20.7	57,214	47,280	121.0	119.2	125.2
Source: National Association of Realtors, 2006									

>> BY LAURA BUTALLA, SENIOR EDITOR

Millard Crowned Fastest Plumber

MATT MILLARD (right) of Brentwood, Calif., is crowned the Ferguson "Fastest Plumber" during the national finals sponsored by Kohler Co. and staged at Lambeau Field in Green Bay, Wis.



Proactive Solutions

>> BY BOB SPERBER, SENIOR EDITOR

Ideal Homes Spins Gold from Local MLS Data

Builders can obtain demographics and other economic data from various government and private sources. However, some builders have their own ideas for getting a better read of their marketplace.

In addition to tracking real estate deals to uncover emerging trends, builders in some markets have shown the local Multiple Listing Service can be a powerful tool for demand analysis.

Ideal Homes of Norman, Okla., uses the MLS to establish monthly inventory and a sales absorption rate for homes alongside prices.

Vern McKown, co-owner and president of Ideal Homes, tracks prices for direct company use.

"From that, we put together a report on each suburban market in the area with the velocity per month, how many homes are for sale, and how many months' supply that equates to."

When a tornado in May of 1999 destroyed 3,000 houses in Ideal Homes' backyard. "All these people were dis-

placed," says McKown, "and within 60 days, when they had all gotten their insurance checks, inventory just dried up to one or two months' supply."

But then, Remodelers-turned-investors fixed and put so many homes up for sale, inventory shot up as high as 18 months. That caused Ideal's sales slow from about 4 a month to 1.6 a month.

How did Ideal Homes recover? By plying its MLS data discipline. McKown and staff identified an opportunity for homes between \$60,000 and \$80,000, and "really nailed the market" with a new entry-level housing collection, the Medallion line. And helped bring the company to its present, approximate 500 units a year and \$60 million in sales.



THE MEDALLION entry-level home line owes its success to Ideal Homes' analysis of MLS data price tier.



>> BY BOB SPERBER, SENIOR EDITOR

Pardee Rolls Out Hybrid SUVs

Pardee Homes gets a lot of mileage marketing its environmental and energy conservation image to home buyers in Southern California and Nevada. Now, the company will get even better mileage as it replaces leased vehicles with hybrid gas-electric cars.

As leases come due on company cars, Pardee will phase in 10 Ford Escape Hybrids as its couriers' leases expire. Nine of the hybrids were put on the road and another was on order in early January. The company uses couriers at its Los Angeles headquarters and at regional offices in California and Las Vegas, and some log up to 2,000 miles a month.

"It seemed like a good way to show that we practice what we preach," says Pardee's Debi Pitts. It was her idea to try hybrids and the experiment would have been bigger, "but our customer service people need vans and there weren't any available to us."

Automakers from Chevy to Porsche are getting into the hybrid SUV field. Pickup trucks are available today, and hybrid minivans are expecting the next couple of years.

For now, the payoff will be more symbolic — logos on the doors and bragging rights to bolster the company's image. The Escapes' 36/31 MPG for city/highway driving didn't justify the added cost of the unconventional leases, Pitts says.

Executives including Randy Myers, senior vice president of construction and Joyce Mason, vice president of marketing, liked the idea, Pitts says. Mike McGee, president and CEO of Pardee Homes, said the company will now "drive the talk" of being green and sustainable.

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John Laing Homes Denver

Rich Staky, Regional and Division President, will share the strategies that led to their ranking as the #1 builder for customer satisfaction in 2005.

Centex Homes

Joe Donahoe, Divisional Quality Assurance Manager, will share the best practices for setting expectations with customers—a critical aspect of achieving high customer satisfaction. 2005 NRS Award winner.

Cambridge Isenhour Homes

Erik Froelich, Chief Operating Officer, will explain how they use thorough process documentation and procedures to ensure customers are satisfied. 2005 NRS Award winner.

Engle Homes/TOUSA Orlando

Gust Nicholson, Director of Customer Relations, who has an award winning customer service team, will explain how to develop a professional team, which sets expectations.

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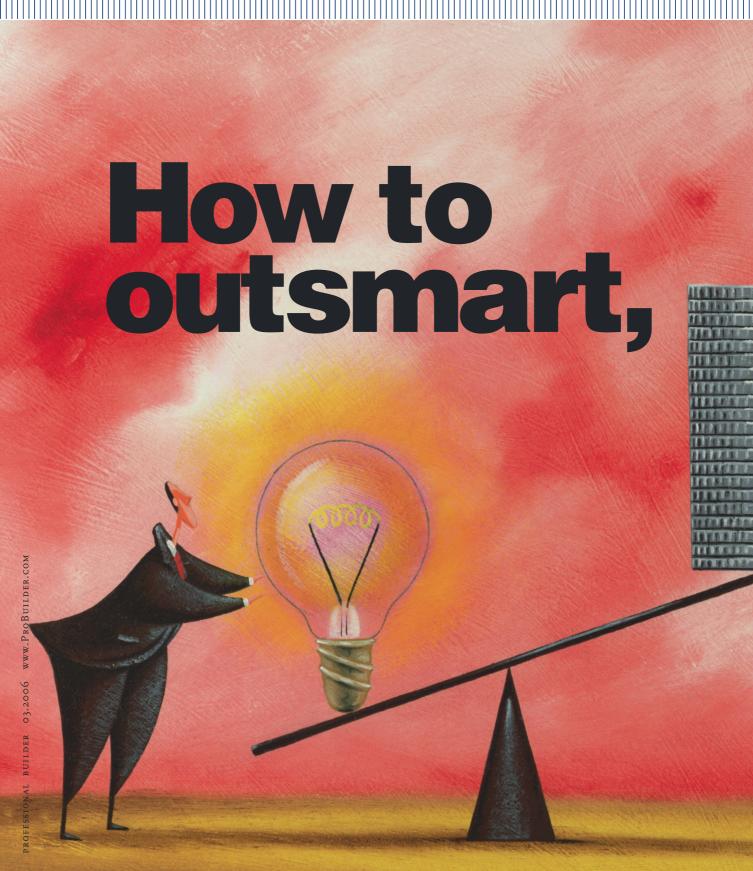




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not outspend, your competition

Small budget builders can survive and thrive in the ad game.

The D.R. Hortons, Centexes and Toll Brothers of the builder universe have advertising budgets several times the total revenue of many small builders. So how can the little guys get heard in the marketplace when big money talks — loudly?

In terms of budgets, sometimes it's not what you have, but how you use it. Builders who know themselves, know their competition, know their target market and how to reach it, and execute a well thought out plan and stick with it can make an effective advertising imprint as well as boost traffic and increase sales. Smart builders can succeed at the ad game, regardless of the size of their coffers.

Builder, Know Thyself

Smart builders, like good students, do their homework.

"You've got to make sure that you know what you do best," says David A. Hoke, a partner at BLF Marketing, a firm with a specialty in real estate. "We outsmart the competition by finding something that really differentiates our homes."

Take time to understand the unique characteristics of your market and develop a brand or specialty that has viability within that market. For example,

outside kitchens may be hot in California and the South, but obviously not so in the colder climes of the Midwest and East Coast.

Get in the Face of Your Buyer

Once builders understand their unique selling proposition — whether it's affordable communities, green building or outdoor living spaces — they need to determine how to best reach their target audience.

"I did a seminar a couple of years ago," says Richard Elkman, president of Group Two Advertising, an agency that works with builders. "I compared the housing industry to retail. I looked at the low-price builder and I compared them to Wal-Mart, and I looked at the high-end builder and compared them to Ralph Lauren, and showed the difference in what they do in their advertising. I think that builders can do the same. Once you've defined who you are — you're building houses for blue collars/lower white collars — your message and your visuals are going to look different than someone who's building \$600,000 larger, single-family homes."

TV and radio are effective in getting the word out about your brand to a mass audience — a majority

of whom are either not in the market for a new home, or for the particular new home product you offer.

The cost of getting your message out to the masses is fairly high. Focusing on media that will reach your target audience — to the exclusion of everyone else — is cost effective.

"We used to spend a huge percentage on broadcast advertising," says Brent Conaway, vice president of marketing for Conaway Homes, right outside Tyler, Texas. "We've totally cut that out."

Conaway says he didn't notice any decline in traffic.

"What we've done is focused on our buyer and how they buy and where they look," says Conaway.

"We've totally cut out a lot of our advertising over the last several years, he adds. "And we've seen an increase in sales."

"Our focus is on mediums that are specific for new homebuyers and prospects," says Krista Boyd, director of marketing and communications for Legend Homes in Portland, Ore. "Instead of hitting the mass audiences with things such as TV and radio, we





You see the big builders ... running big ads...and you say, "I have to compete"That's nonsense. The key in this business, and any business, is to outsmart, not outspend."

brought you here?" All the information is logged and reports are generated.

"We really study the results of our ads," says Boyd. "The medium that people most mention, we put the most money into. ... That way we can spend a little more in the mediums that work really well for us."

Know the Competition

You can't outsmart your competitors if you don't know what they are doing.

"We'll send a mystery shopper out to our competition," says Conaway, "and then we'll send them to ourselves. We'll

We really **study** the results of our ads. The medium that people **most mention**, we put the **most money** into...That way we can **spend a little more** in the mediums that work really well for us."





actually focus more on the real estate section of the newspaper, new home publications [and] Web sites."

Lead tracking is an inexpensive means of determining what media is most effective in getting prospects into your sales office.

Legend Homes maintains a database of prospects, buyers and owners. Everyone is surveyed when they first visit the builder's sales office, after the sale, and 45 days after closing. They are asked the same basic question — "What

do the exact same report on them as well as us. It will really point out problems that they have, and problems that we have. We can, of course, focus on our problems. And sometimes we can sell around their problems indirectly."

Builders should use discretion in responding to what their competitors are doing. Imitation isn't always the answer.

"You see the big builders... running big ads," says Elkman. "You're a builder selling one tenth of the number [of

homes they are], and you say, 'Well, I have to compete. If they are running full-page ads, then I have to run full-page or half-page [ads].' That's nonsense. The key in this business, and any business, is to *outsmart* not *outspend*."

Conaway Homes played it smart when a large national builder came into their market.

Conaway negotiated a deal with the local Lowe's store. For "pennies on the dollar," Conaway says he received a number of gift cards from the building supply company.

"Everyone who bought a home got a Lowe's gift card for \$2000," says Conaway. "They could use it for upgrades on their home, or buy furnishings whatever it was that they needed."

Their advertising campaign for the promotion was modest, but effective.

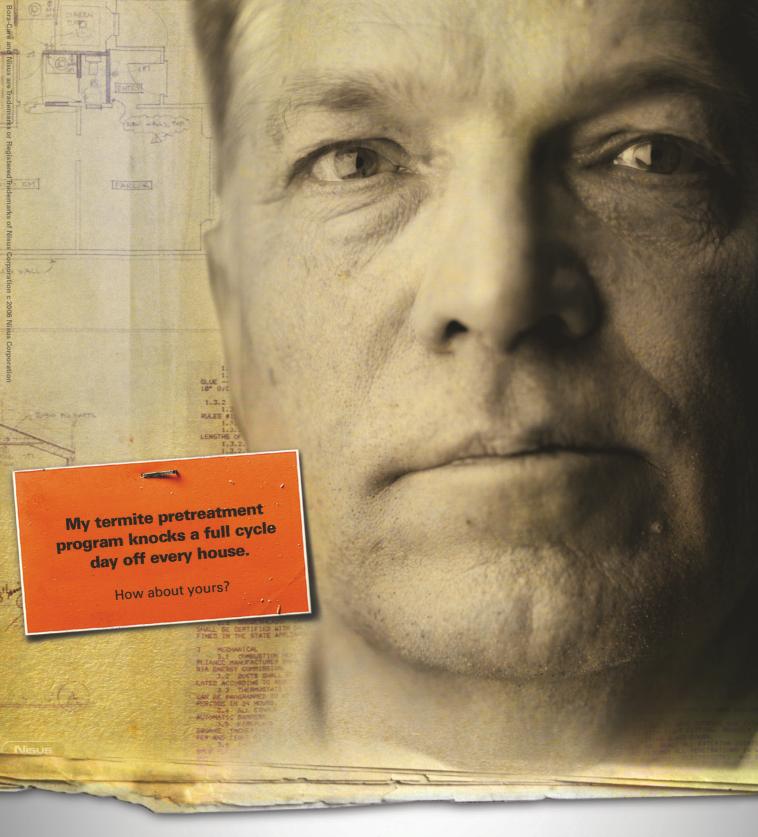
"We had little brochure boxes made up," says Conaway. "They put them at all of the [checkout counters] at Lowe's. We had banners. We had it in the newspaper and other places as well.

"We were getting in front of the customer at different places — you don't expect to walk through Lowe's and see a builder advertisement," he continues. "We had a lot of people coming in the office asking us about it. And we sold several homes off that promotion."

The other builder is out of that market now.

"They've pulled everything back and headed back to Dallas," says Conaway.

"If you can position yourself ahead of your competition," says Conaway "knowing your strengths and their weaknesses, and know where your buyers are looking — if you can put all of that infor-





Bora-Care® is the fastest growing termite pretreatment in the nation. That's why all of the top ten builders are using Bora-Care on some of their projects. With Bora-Care, a crew doesn't have to leave the job site. You don't have to coordinate schedules between the pest control company and the cement company. It's a highly effective termiticide,

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EVERY ELEMENT OF LEGEND HOMES' promotional materials is strategically planned and placed. The marketing team carefully analyzes each piece with regard to eye movement, typography, photography, furniture and room accent placement, and the use of color. It reviews its visual image annually to ensure that Legend Homes reaches specific and targeted new homebuyer audiences, resulting in ads, bill-boards, signage and a Web site that convey a consistent message.

mation in front of the buyer, it doesn't guarantee anything, but it definitely helps you in recognition with the customers."

Spend When You Need To

Companies often set ad budgets to coincide with a percentage of estimated total revenue. In reality, Elkman says you need to budget as much as you can afford to get the traffic you need to achieve your sales goals.

"What builders [of any size] should do," Elkman continues, "but even more important with the small ones, is work backwards and figure out how many prospects you need to sell one home. If your closing ratio is one out of 20, you need 20 people to sell one home."

Using the above example, if your goal is 200 closings, figure out how much you need to spend to get 4000 prospects in the door, then find the most cost effective way to get them there.

"Definitely spend money when it's necessary," Boyd says. "If you really need the sales beefed up, or if its just the time of the year when you traditionally have a lot of sales and it's a strong market, it makes sense to spend the money and keep that going."

Supplement Your Resources

Buena Vista Custom Homes in Lake Oswego, Ore., asks its real estate agents to contribute to its advertising fund.

The builder uses the funds to centralize the production of ads and create a uniform look, which can be difficult when using realtors from a variety of firms.

"We took all the marketing and the production of their systems in-house," says Roger Pollack, president of Buena Vista Custom Homes. "The real estate agents contribute to that ... on a monthly basis. We don't have to carry the total burden of the expense."

Buena Vista works a similar system with its subcontractors. "We've worked with some of the same trades for 20 years," Pollack says. "We're very loyal to our subcontractors.... Everyone contributes."

"We feel the more we work as a team to promote our business, which is what fuels their business, the better off it will be for everyone," he adds.

Smart Media Choices

Newspapers have traditionally been a popular media outlet for builders. But in some markets, declining readership and increasing ad rates have made them less appealing.

"People need to be looking at the alternatives," says Hoke. "My clients are looking more to billboards. ...It's 24-hour-a-day signage."



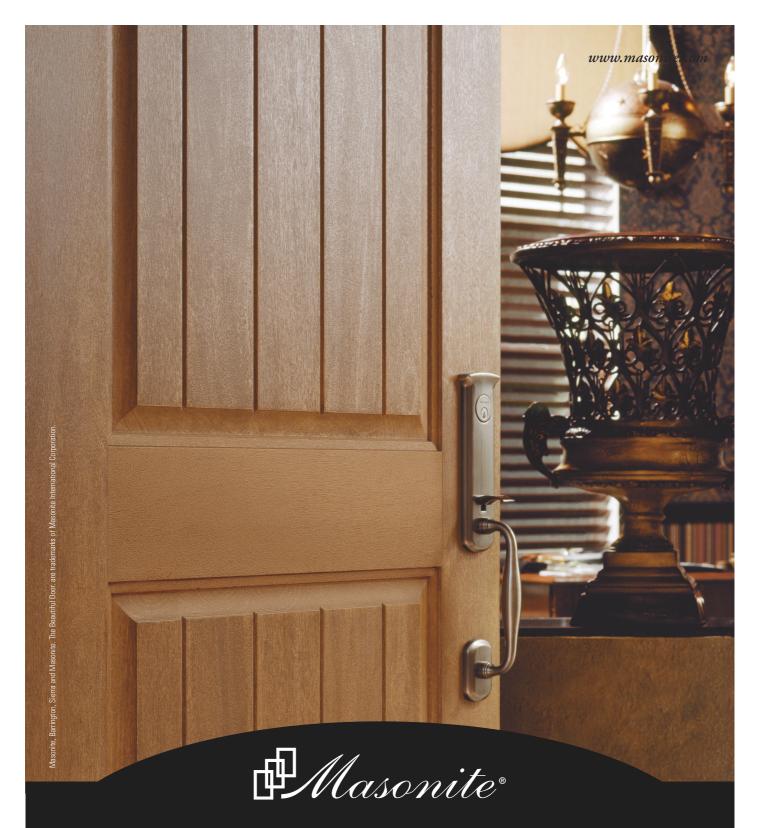
Legend Homes uses billboards for branding and directionals. "We'll have some kind of headline, a picture of one of our houses, and our Web site," says Boyd. "We either use it just like that in locations that are on the way to our communities, or we'll use them and add directions at the bottom of them."

New home magazines are another good option.

"I really like the look and feel of [the glossy magazines], but they can be costly," says Hoke. "Depending on the size of ad, it can be \$1000, \$2000 or more [for an] insertion."

Magazines printed on newsprint are, "relatively inexpensive," says Hoke. "I mean, \$150, \$200 for a full page. That is, depending on the price range of your home, a good place to go."

"I personally like flyers; direct mail is one of my personal favorites," says Pollack. "I like to market directly to the real estate companies — to the agents. And then directly to homeowners."



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A builder cannot get away with sub par ads when going up against their big budget competitors.

"Your marketing materials are a reflection on your craftsmanship and quality of construction," says Hoke. "If I've got a very elegant, \$3 million spec home I'm building... my marketing materials probably shouldn't look like I printed them at the last minute off my home printer. I may have printed them off my home printer. They just don't need to look like it in terms of layout and design."

Using professional photography is a must.

"It's worth spending the money for," says Boyd. "Somebody will look at your publication and [if] they can't really see [the photo] very well ... they're going to think that you don't have great quality."

Boyd says Legend always includes photos of its homes.

"We always show pictures of what the houses look like," says Boyd. "I can see why people would focus on lifestyle, but we're really selling a product here."

But the branding message of the ad matters as much, if not more, than pretty pictures.

"Builders get into a rut," says Elkman, "and they all say the same thing. ...'We're going to run a quarter page ad in the Washington Post.' All of the ads are the same quarter page.

"Builders that are competing against one another — that are selling a 2600 square foot home for \$425,000 they're all going to end up having a 2 1/2-inch by 2-inch photo or rendering of a house. That's never going to look different. Therefore, the design of the ad, or the message that differentiates, is actually more important than the picture."

Power of Repetition and Consistency

Builders can get impatient when ads don't have an immediate impact.

"Sometimes they'll react and change too quickly to things that given more time really would work for them," says

"Consistency is important," says

DON'T FORGET THE WEB

The Internet, an essential part of the advertising equation, levels the playing field for small builders.

Builders can use the Internet as a great supplement to their ad strategy. And it doesn't have to cost a fortune.

"I don't care if a builder sells five homes a year or 5,000," says Richard Elkman of Group Two Advertising. "The wonderful thing about the Internet is it's the great equalizer. My computer [screen] is 17 inches [wide], and whether Toll Brothers comes across there, or Joe Blow Builder, it's still 17 inches.... It may be that Toll Brothers will spend a million dollars to develop their site, and Joe Blow Builder will spend \$3,000. As long as the [brand] differential is shown on the Web site, you're fine."

Jan Mitchell, senior editor with Sales and Marketing magazine, and a contributing editor for Professional Builder, says it's fairly easy to create a good Web site.

"Don't feel you have to be an expert on this," Mitchell says, "Many outside consultants exist who are experts."

"Make sure that you have a Web site that is relevant," says David Miles of Milesbrand Real Estate Advertising, "easy to navigate, that the information is there, that it's updated regularly."

A Web site can be an effective tool in educating your customer — making them a better prospect by the time they walk into your sales office.

"We really do push our Web site on all of our ads," says Krista Boyd of Legend Homes. "That's where we want people to get all the information they can — figure out what plan they're interested in, figure out what community, what area — and from there, seek out more information."

You Web site should be used to reinforce your brand image. The look and message should match the rest of your advertising campaign.

"A web piece...has two applications," says Hoke. "One is to attract them to you, and help develop some credibility before [prospects] come to visit. But after they visit, they'll go back to your Web site again for confirmation, for building that credibility, for seeing if what you told [them] onsite measured up to what's on the Web site."

"The way we want to work," says Brent Conaway of Conaway Homes, "is our advertising gets people to the Web site, the Web site pushes people to our model home, and the model home pushes people to close — buy a house or contract."

Hoke, "because if I remain consistent from month to month I save some costs."

An ad makes more of an impact as it is repeated and remains consistent over time. That refers to the look of the ad the logos, layout, and typeface — as well as the message.

"Too often we change the story every time we tell it," says Hoke. "Every time the ad goes in, it's different.

"We think the last one didn't work, or we're afraid it's old and stale. Realistically...if I put the same ad in a new homes magazine — [a] monthly or even bimonthly magazine over the course of the year — for the most part, I'm going to have different people looking at that ad every month.

"So if I've got the right message, the message doesn't need to change."

The Bottom Line

Of course, there is no silver bullet that works for all builders advertising on a budget, because every market is unique.

"Stick to the good disciplines of being consistent, of getting a ... strategy in place, executing on what you've decided to do, with quality and being consistent," says Hoke.

"And then as best you can, go back and monitor and decide what's going to work." PB



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Essentials Package	Multi-functionShowerarmSlide bar kitLine-matche	with diverter	and showerhead	d		balancing valve
	Devonshire K-10855-4	Forté K-10857-4	Fairfax K-10856-4		-BN Vibrant Brushed Nickel -CP Polished Chrome	K-693 Hi-Flow
Luxury Package Multifunction adjustable handshower and slide bar Multifunction showerhead Three innovative WaterTile, bodysprays Line-matched valve trim						Right-Temp pressure- balancing valve and 3-way transfer valve

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1 Best Single-Family Detached Home under 1,500 sq. ft. 2 Best Single-Family Detached Home 1,501-1,800 sq. ft. 3 Best Single-Family Detached Home 1,801-2,400 sq. ft. 4 Best Single-Family Detached Home 2,401-3,000 sq. ft. 5 Best Single-Family Detached Home 3,001-4,000 sq. ft. 6 Best Single-Family Detached Home 4,001 sq. ft. and over ATTACHED HOMES BUILT FOR SALE 7 Best Attached Home up to and including 8 units per acre 8 Best Attached Home 9 to 19 units per acre 9 Best Attached Home 20 units per acre 10 Best Attached Urban, Infill DNE-OF-A-KIND CUSTOM HOMES 11 Best One-of-a-Kind Custom Home	15 Best One-of-a-Kind Spec-Built Home 4,001-6,500 sq. ft. 16 Best One-of-a-Kind Spec-Built Home 6,501 sq. ft. and over AFFORDABLE HOUSING This category is based on the median home price of the Metropolitan Statistical Area (MSA). Call NAHB at 800/368-5242, ext. 8309, for information on your metropolitan area. 17 Best Affordable Home (both detached and attached) RENTAL 18 Best Rental Development up to and including 4 units 19 Best Rental Development 5 units and over COMMUNITY DESIGN 20 Best Neighborhood up to and including 150 units 21 Best Community 151 units and over SMART GROWTH 22 Best Smart Growth Community up to and including 150 units 3 Best Smart Growth Community	HUD SECRETARY'S AWARD FOR EXCELLENCE Call NAHB at 800/368-5242, ext. 8309 for your MSA requirements. 27 HUD Secretary's Award for Excellence INTERIOR DESIGN: KITCHEN 28 Best Kitchen in a Home up to 3,000 sq. ft. 29 Best Kitchen in a Home 3,001-5,000 sq. ft. 30 Best Kitchen in a Home 5,001 sq. ft and over INTERIOR DESIGN: BATH 31 Best Master Bath 32 Best Standard Full Bath 33 Best Powder Room INTERIOR DESIGN: SPECIALTY ROOM 34 Best Specialty Room in a Home up to 3,000 sq. ft. 35 Best Specialty Room in a Home 3,001-5,000 sq. ft. 36 Best Specialty Room in a Home 5,001 sq. ft. and over INTERIOR DESIGN: DETAIL 37 Best Detail in a Production Home
(Built for a Client) up to and including 4,000 sq. ft. 12 Best One-of-a-Kind Custom Home (Built for a Client) 4,001-6,500 sq. ft. 13 Best One-of-a-Kind Custom Home (Built for a Client) 6,501 sq. ft. and over	151 units and over 24 Best Urban Smart Growth Neighborhood/Community Award 25 Best Suburban Smart Growth Neighborhood/Community Award 26 Best Rural/Exurban Smart Growth Neighborhood/Community Award	38 Best Detail in a Semicustom/Custom Home INTERIOR DESIGN: AMENITY/FACILITY 39 Best Amenity/Facility up to and including 5,000 sq. ft. 40 Best Amenity/Facility 5,001-10,000 sq. ft. 41 Best Amenity/Facility

JULY 1, 2006 Registration Form & Fees deadline JULY 15, 2006 Entry Notebook deadline

The entry fees are:

\$295 first entry for NAHB members

\$350 first entry for non-NAHB members

\$250 each additional entry submitted at the same time

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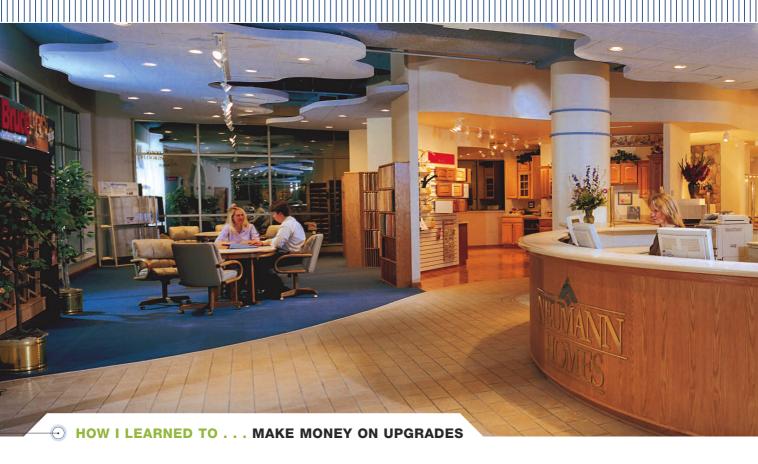




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Putting Options On the Menu

Home buyers want it *their* way, but builders need to eat, too. Here's how to serve customers and still get change back from your design studio dollar — with or without a design studio.

A man walks into a Burger King — true story. "And two guys were in front of me in line. And they both wanted it 'their way.' One didn't want pickles; the other one didn't want mayonnaise," he says. "Guess what? Both burgers came out wrong and had to be thrown away. Now if Burger King can't do it right with a piece of meat, a bun and some ketchup... why the hell would builders think they can do it building a house with more than 300,000 parts in it?"

Chuck Shinn, president of both Lee Evans Group and Shinn Consulting, didn't enjoy that trip to the trough, and the thought of builders "giving customers whatever they want" gives him indigestion because he knows they're also giving away the store.

"Consumers don't want to settle for less than what they want, when they want it and how they want it," Jane Meagher, president of Success Strategies in Manalapan, N.J., says. "Considering that buying a new home is the most expensive and emotional purchase most people make in a lifetime," the design center consultant notes that it's only understandable buyers enter into a purchase with high expectations.

Builders need to serve two masters: their customers and their financial needs. Most people in the industry agree that too much effort goes into selling options, and too many builders give them away for prices below what the market will bear. Builders can make money on upgrades, though. But it takes a good understanding of how to control the selection of options, using a well-managed set of predetermined choices. So forget the notion that they're just table stakes meant to appease customers who will compare you to the proverbial "guy selling houses down the street."



Profits Before Volume

Few builders admit to losing money by selling options, but they may be doing so when they leave money on the closing table. Others intentionally keep margins low on upgrades in order to grow volume and market share, something Shinn decries.

"When you choose volume... you're not getting the margins. You're wasting opportunities. You're spinning through your land, then you have to go out and buy new land at new prices," he says, adding that this holds true whether a builder is "chasing volume at 50 units, 100 units or 50,000 units."

"You should always structure your options and upgrades as aggressively as possible," says John Rymer, Tampa, Flabased president of Rymer Strategies. "This is particularly true when land is scarce and it's hard to replenish the inventory you're selling. Instead, you need to focus on how to get the most dollars out of every customer who has agreed to buy."

The same holds for markets with clear land approval pipelines but low vol-

ume potential — or a slowdown looming. "The economy's not going to stay this good forever," says Dave Weiss, owner of Weiss Homes. He sold 250 entry-level and move-up homes in 2005 in a market he says "hasn't been much of a growth market. So our goal has been to increase our revenue without increasing our volume."

Several builders report the level of options sales per housing unit at approximately 20 percent. Shinn says 30 percent is more appropriate. First, he says, a builder should identify and include "customer wants" in standard inclusions. "The rest should be priced to meet perceived value — not based on cost."

Marginal Thinking

Profits on options range widely based on that perception and on availability. Builders have little choice but to nearly give away easily sourced commodities that buyers can comparison shop, driving margins on those items as low as 10 or 20 percent. But options range from the simple all the way up to construction changes such as "changing a slider to

BOTH REGIONAL DESIGN STUDIOS and onsite selections strategies can work. Or both. Neumann Homes has grown using a regional "Dream Center" approach (pictured at left).

French Doors, eliminating a closet in the third bedroom and turning it into more square footage for a den," says Rymer. "Some builders don't want to do this category of option at all. Others don't necessarily encourage it, but if a buyer wants it, there may be a 100 percent markup, because they can get it."

Shinn thinks builders are missing the boat when they don't actively market such changes and charge a premium. He cites a bump-out that "might cost two feet of wall and two feet of carpet to build. It's not that expensive. But you can charge anywhere from 200 to 500 percent for that, because it's a high-value option."

The caveat about bump-outs, Shinn says, "is that if you allow the customer to add one in the back of the house, it's because you have a specific design for a bump out in specific places in the house. And if it's a three-foot bump-out, it's not going to change to two or four feet." This is not a custom option. It has to be preestimated, priced and cataloged to eliminate back-and-forth negotiations and internal inefficiency.

Controlling Choice

The same principle applies to single structural elements or whole groups. For example, multiple configurations for master bedrooms/bathrooms, extra bedrooms in bonus spaces and kitchens with options for family areas and recipe nooks. Such seemingly custom changes are neither custom nor changes, but valued choices that must be pre-estimated, priced and included in the company's offerings. This allows structural items to be chosen at contract signing as part of the floor plan.

Customers can choose non-structural details, from floors to cabinets to whole-room trim, appliance and cabinet pack-

ages, in much the same way. Meagher has her clients do this to satisfy buyer's wants in a way "that doesn't overwhelm them and drag the process down." She calls this "controlled choice."

She hopes to combat a false belief by too many builders that customer satisfaction depends on "offering them everything they ask for." She continues, "In that quest for customer satisfaction, builders can really hurt themselves by offering way more choice than they need to, even when they cannot handle it, procedurally."

When creating a profitable and efficient customer selection process, Rymer says "the most important role senior management can play is to have a clear and concise direction and vision on what role options and upgrades play in the company." Without a clear mandate for departments to get along and make sure operational and computer systems do the same people will work at cross-pur-

For example, sales office and design studio personnel will naturally push their "more is better" attitude. "Sales loves the ability to sell a personalized, differentiated house, exactly the way the buyer wants it," Rymer says.

But construction personnel fear creating paperwork snafus, variances, supplier delays and nightmare scenarios "like the 'special flooring' that adds two weeks to the schedule," Rymer says. Such disorganization can blow performance reviews and bonuses, inflicting undeserved pain on the department. Likewise, more options without more staffing in purchasing and estimating can strain efficiency as well as morale.

Do you Need a Design Studio?

It seems the "have it your way" attitude applies not just to customers but also to builders. Selling options can succeed whether run out of a model home sales office, or handled in a full-fledged and fully staffed design center. The key, again, is how well a company manages its processes and how the sales office is run. Experts agree that sales office personnel are qualified to handle floor-plan





WEISS HOMES' new design studio puts customers in a central rotunda surrounded by room vignettes often based on actual floor plans. Selections aren't packaged in good/better/best levels; they overlap.



specifics at contract signing, but specialists trained in available options should be on hand for the details. This is true for builders who handle selection on-site or in a design center. It also holds true whether the selection process is handled in a single meeting lasting three hours or a phased set of multiple meetings.

Meagher says builders and buyers "are no longer settling for a 10 x 12 selections room in the sales office; they're looking for a design center experience." She is committed to having builders invest in centers as well as the training it takes to choose between a dizzying array of high-performance materials and technologies.

Weiss Homes is a believer. Model home displays worked fine until 1997 when the company put a 2,500 squarefoot studio space in its home office. Then last June, Weiss opened a

\$750,000, 10,000-square-foot showroom. Average sales price per house has increased six percent with as much as five percent of that directly attributable to options sales.

In contrast, Lakewood Homes in suburban Chicago has seen "continued increases in our level of options sales in the last few years," Chris Shaxted, executive vice president, says. Volume has grown steadily to top 2,000 units in 2005, and while the company won't move so much as an electrical outlet that's not in its pre-estimated catalog, it consistently ranks at or near the top of its market in overall satisfaction as well as design center criteria, he says. And the company doesn't have a central design studio. "We haven't completely figured that out, except to say that we're very convenient for customers and we're knowledgeable," Shaxted says.



Siemens surge protection devices provide whole-house protection against sudden and unexpected electrical surges. Utility power quality is decreasing which can cause disruptive or destructive power surges. Lightning related insurance claims amount to over \$1 billion per year. It's far less expensive to invest in protection than it is to replace costly appliances. With proper surge protection, the biggest payoff may well be the one that's most valuable and most difficult to measure — peace of mind.

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Convenience is one of the key factors driving a Lakewood competitor, Neumann Homes, to announce it will phase out its large, regional Dream Centers in the Midwest and Denverbased Western division this year. The company will go back to on-site selection based on three key findings from internal and J.D. Power research. Larry Wisdom, Midwest regional president, says the company looked "very deep into the J.D. Power results of what customers are saying" to conclude that customers want:

- Convenience at the point of sale: A central studio can consolidate trips to various supply houses, but not if the studio itself is too far from the customer's home or point of sale.
- Fewer people to deal with: But people they trust for a less complicated buying experience.
- Appropriate choices: But not things they can't afford or won't fit in the home.

It appears that builders "have come out on top with and without centralized design centers," Paula Sonkin, J.D. Power's executive director of real estate industries, says. Meagher notes "some validity" to the notion that some builders can profit either way. Bullish on dedicated design centers, she still believes most builders need to differentiate themselves to maximize profits and can "make it worth the buyers' while" when they properly set expectations and offer superior education and service.

Next Steps

For Neumann Homes, the phase out of its design center isn't a retreat because, as Wisdom says, "we're able to take what we've learned about process operations excellence and computer technology, and put that into separate design galleries at the individual community.'

Instead of a sales office associate "laboriously taking everything down," a specialist will guide the buyer as selections are entered into the company's integrated information system.

It's a bit of an experiment in a world where design centers still dazzle, but Wisdom is certain that this "downsizing

'SUPER MODELS' SELL MORE HOMES, UPGRADES

There are model homes and then there are "Super Models." Smart display of optional upgrades and good model merchandising can increase the likelihood of a home purchase as well as upgrades while improving customer satisfaction and helping builders differentiate their homes for greater profits. This, according to research by Merillat.

This latest phase of "Model Behavior" focuses on the kitchen in a "Super Model" home. This is defined as a kitchen that combines well-placed merchandising tools props, tags and stickers — with previously-researched upgrades to cabinetry, appliances, counter surfaces and floors. Key findings:

- Fifty-four percent of "Super Model" kitchen shoppers expressed interest in buying as opposed to 35 percent of the conventional model shoppers
- Shoppers spent 62 percent more time in the "Super" vs. the conventional kitchen: 1 min. 50 seconds vs. 1 min. 8 seconds
- Shoppers in "Super" kitchens were nearly three times more likely to interact with features, such as opening and closing drawers an cabinets; conventional-model shoppers failed to do so 74 percent of the time.
- The upgraded merchandising tools were helpful to 80 percent of shoppers. Better merchandising tools "encourage shoppers to take the kitchen for a test drive," according to Karen Strauss, president of Merillat.



... of the buying experience will delight the customer" and boost internal efficiencies.

Somewhere, a builder is building sub-regional mini-studios in each quadrant of a major market. Also somewhere, Shinn is telling another builder of the ultimate, untapped customer convenience: "Do it on the Internet! Let customers make selections out of their homes." PB

LAKEWOOD HOMES' options sales have steadily risen with on-site selection rooms like this one (above). Some say this strategy works better for 2,000 home-a-year Lakewood than it would for a smaller builder who seeks greater niche differentiation.

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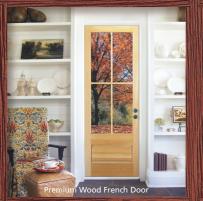


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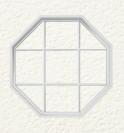


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LESSONS LEARNED

The Touchpoint Trap

Beware of smiling faces.

Right before Christmas, my wife Jana had surgery. The hospital called a few days prior to the surgery to get her details, thus shortening the admissions process. At the hospital, she was greeted promptly and politely, then was processed through with minimum hassle. The nurses were great. They brought her warm blankets and repeatedly asked if she needed anything. The anesthesiologist stopped by and thoroughly explained the plan, as did the surgeon. They took care to introduce themselves and asked both of us if we had questions. Everything seemed perfect as they took her away to surgery. The nurses reassured me and walked me to the waiting room where I was greeted by a sweet volunteer lady who offered me a surprisingly good cup of coffee and a warm smile.

I sat, experiencing a strange role reversal with my wife. This was the first surgery of her life, whereas I lost track of mine at about the twentieth procedure. I thought about how impressed I was that the hospital staff had done everything right at each interface with not only the "patient as customer" but also the "spouse as customer." These people had thought through every process and taught everyone to say and do the right things. I tried not to think about work, but I couldn't help musing on how much builders could learn from these medical folks.

Before I knew it, the surgeon took me aside and explained that the surgery had gone surprisingly well. He found less damage than he expected and it didn't take him long to "clean things up." Jana could begin physical therapy right away. He asked if I had any questions, then gave me his personal cellular number and insisted that I call should I have any concerns whatsoever.

A nurse met me at the door with a big grin and led me back to my wife who was just coming out of her anesthesia fog. As I was chatting with the recovery nurse, I caught a strange look of confusion on my wife's face. Slowly, Jana's head rose from the pillow and she seemed to focus in on her knee. Her confusion gradually morphed into a serious frown and then her head dropped suddenly back onto the bed. The nurse and I both strained to hear as Jana whispered something nearly inaudible, but what I thought I heard was "Wrong



knee!" I felt a rush of complete shock. How could they do this? Suddenly, all the wonderful things the hospital employees did no longer mattered. Pre-admission calls? Who cares? Friendly staff? The hell with that! Coffee? Screw the coffee! I fumbled in my pocket to pull out my cell phone and the surgeon's card. I was ready to dial him up. "'Surprisingly easy,' he said. Yeah, right! Just wait till I get my hands on him and I'll show how surprisingly easy it is to rip off his head!"

Then I looked over and noticed that the nurse was smiling, my wife was smiling and clearly everything was fine. When I asked later what she had said, she didn't even recall, but it was decidedly not, "wrong knee." But, did you feel my pain? I sincerely hope so, because there are hundreds of homebuyers feeling this sort of pain every day in America. They are in pain because of a growing incongruity that is fueled by what I call the "Touchpoint Movement," which all too often leads builders right into the "Touchpoint Trap."

The Touchpoint Movement

Touchpoints, commonly defined as any direct employee interface with the customer, have become the latest topic for builders who have grabbed a seat at the customer delight cafe. There are a lot of folks from both inside and outside the industry pushing approaches to identify and then train your



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people to improve the key touchpoints with homebuyers. The goal is to make things better by bringing all customer contact workers to a higher level of professionalism in the way they talk and act. Now throw in some glitz and glamour, such as monogrammed towels, a catered dinner on closing day or popping a nice bottle of bubbly after the final walk-though, and the customer delight dragon shall be slain!

Homeowners will sing your praises across the land, J.D. Power scores will soar and referrals will pour in faster than you can build. Well, maybe.

In the case of the hospital, they did get everything right and although my wife's outcome was fine, we have all read the horror stories where the wrong body part was "worked on" or even amputated.

A good dose of training in how to smile, talk nice and deal with homebuyers in their many moods can help overcome minor glitches in builder performance. For the kind of repeated problems and major issues that so many of our homeowners experience with small and large builders alike — if this training is all you do — just forget about it! Not only does it not work, it makes things worse.

What is more aggravating than having your steak at a restaurant cooked wrong — for the second time — then having the floor manager drop by, fawning all over you with a big grin and saying "So are we enjoying our meal tonight folks?" This person may be well trained and know all the right things to say, but if the support systems and activities that live behind the customer interface are not up to speed, then you have wasted your time and money.

Touchpoints training? Don't bother, unless you are ready to understand that everyone in the organization must be on board, every day. Every system, every process, every strategy must be designed and tuned toward the goal of profitable achievement of customer delight. If you only train those with direct customer interface, you will never solve the puzzle. Without highly effective internal systems and processes, you are just spinning your wheels.

If you keep your focus only those who talk to customers every day, those handling the obvious touchpoints, you will wake up one morning and realize you operated on the wrong body part or more likely, you only treated the symptoms and never got to the root of the problem.

Bob Evans, the sausage magnate, put it simply when he said, "We do it right, or we don't do it!" You say you have already fallen into the Touchpoint Trap and banged up your knees? Find yourself a good surgical team, get personally involved in the process and watch them like a hawk. You can't afford any more mistakes!

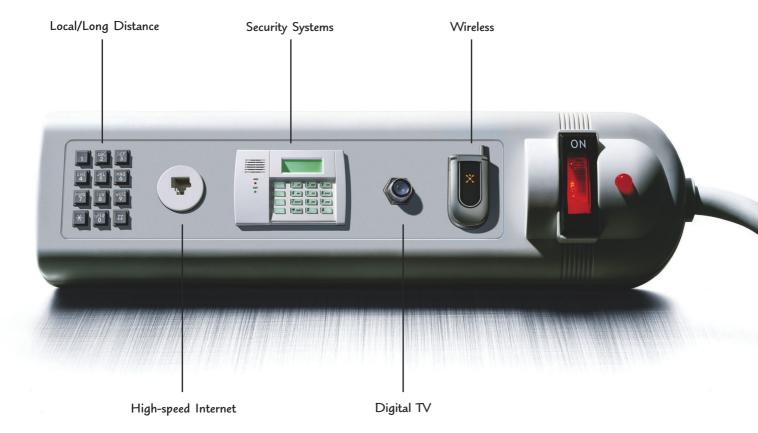
Scott Sedam is President of TrueNorth Development, a nation-wide consulting & training firm focused on quality, process improvement and organizational development. He can be reached at scott@truen.com



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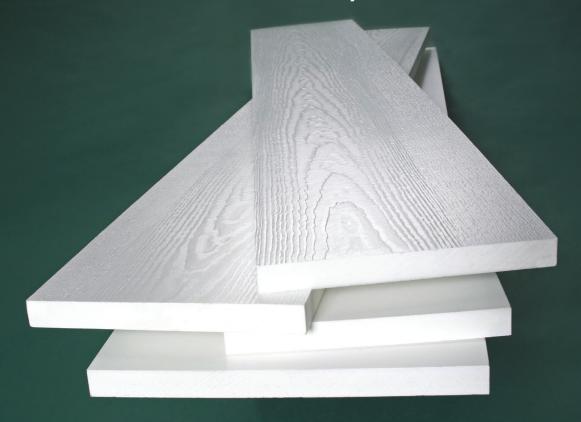


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Retention Tune-Up

Tips for keeping employees happy and loyal.

These days, there are many more job opportunities in home building than quality candidates. The best ones are being courted and wooed on an almost daily basis.

What keeps employees attracted and loyal to their company? Here are a few of the common denominators from our vantage point:

- They have quality reputations and take great pride in their brand. That pride tends to be shared by the employees in the organization.
- They treat their employees fairly and with respect.
- They celebrate their employees' successes and help pick them up when they fail.
- They are consistent in how they conduct their business, inside and outside the organization.
- Their compensation and benefit programs are competitive, realistic and easy to understand.
- They invest quality time during the hiring process to really get to know candidates before they hire them.
- The work is enjoyable and interesting.

Ph.D-turned-headhunter Dr. Tim Rutledge approaches employee retention from an employee engagement standpoint. He defines employee engagement as "employees being attracted to, committed to and fascinated with their work."

Rutledge believes the essence of employee engagement rests at the grassroots

level, i.e., the relationship between manager and employee and sees this as critical to any sound retention strategy.

Although a good retention strategy might start at the top, to be truly effective it must be executed well at all levels of the organization. All managers and supervisors must buy into the program. It should be part of their job description and responsibility and even their bonus calculation. After all, employee turnover costs your company money.

In the January issue, we talked about the benefits of doing employee satisfaction surveys. One of the key deliverables of an ESS is the message that employees are valued and appreciated. When employees feel that way, they are more apt to stay with a company and make long-term contributions.

What does valued and appreciated look like? Like DNA, each employee has his or her own unique value system. No two are identical; similar maybe, but not identical.

How are you expected to know the components of your employees' value systems? Start by following Dr. Rutledge's lead and talk with your direct reports, then encourage them to do the



Although a good retention strategy might start at the top, to be truly effective it must be executed well at all levels of the organization. All managers and supervisors must buy into the program.

same with their staff. Ask the following questions of your staff:

- Which recent work project gave you the greatest satisfaction?
- When was the last time you felt you were making a meaningful contribution?
- What can you do to better support your staff?

Once you begin asking the questions, follow it with the next best thing: shut up and listen! That alone might send them the best message of all. **PB**

Bob Piper is the founding Partner of the Talon Group, a leading retained executive search firm specializing in the real estate development and home building industries.



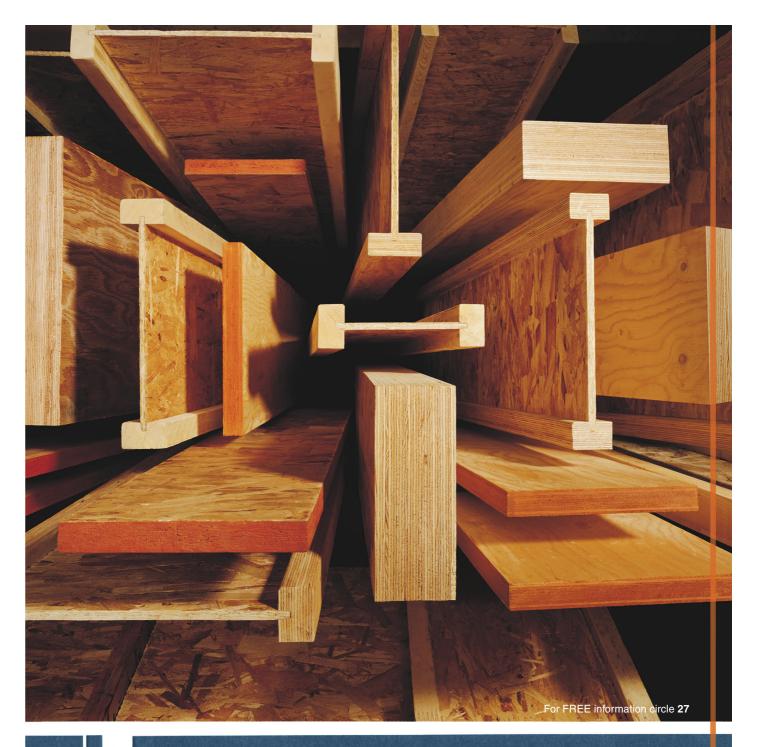






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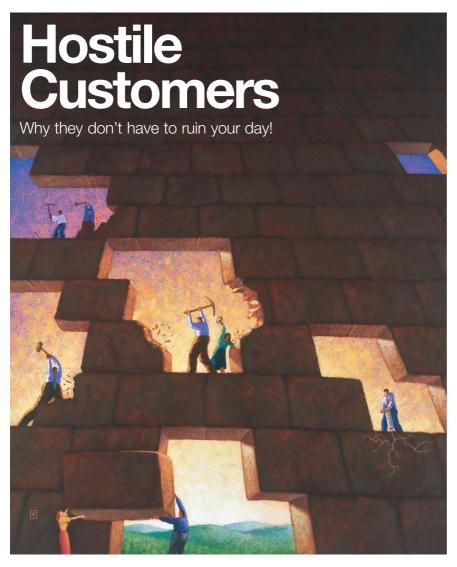
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CUSTOMER SATISFACTION



Customer service is the cornerstone upon which successful businesses are built — including those in the home building industry. Exemplary service, however, isn't always enough to ward off the bane of many businesses, commonly known as customers from hell.

Encountering one of these overly demanding and often belligerent customers does more than ruin your day — it threatens your business.

Even though it might not seem detrimental to your business to have one or two angry customers, you can see how quickly the damage to your reputation and business can build up. The things that often anger customers are no fault of your own. When products don't perform up to expectations or you're delivery schedule gets behind because of poor weather, there's little you can do to change the situation. Nevertheless, the home builder is the one who must work hard to calm the customer and patch the injured relationship.

"Looking at it from the customers' standpoint, when you fail to meet customer expectations and they're left disappointed, psychologically and emotionally you're looking at betrayal," says Chip Bell, co-author of *Knock Your Socks Off Service Recovery*.

According to Bell, customers come to you and buy with certain expectations in mind. When those expectations aren't met, the customer feels betrayed. "This makes the encounter, by definition, emotional — a betrayal of the heart," he says. To regain the customer's confidence, you need to communicate in a way that renews his or her faith in the relationship. Such communication usually begins with an genuine apology.

Saying 'I'm Sorry'

A sincere apology is one of the easiest ways to calm an irate customer. Many home builders are reluctant to apologize for fear that they will be admitting to some liability or expressing weakness to the buyer that makes things worse. But saying "I'm sorry that happened to you" or better yet "I take responsibility for what happened and will make things right" is a very powerful statement to the buyer. The key is whether you can express genuine caring and re-establish trust.

That said, there is an art to apologizing successfully. When an angry customer confronts your frontline people, he or she is looking for an authentic demonstration of humility or humbleness. That's where a sincere apology is invaluable.

Unfortunately, few businesses take the process of apologizing seriously—even though it's the easiest way to deal with irate customers and gain advantage over the competition.

No one relishes the opportunity to come face to face with an angry home-buyer. However, you need to set aside your own anxieties and consider the value this homebuyer has to you, your company and your reputation.

Customers from hell rarely go away by themselves. So it is up to you and your team to do the job yourself — without calling in an exorcist. Here's how:

- Acknowledge their anger. Nothing enrages a customer more than feeling ignored or trivialized. The faster you genuinely acknowledge his or her anger, the easier the situation will be to resolve.
- Listen carefully. While hearing complaints, take notes to show you care and are taking the matter seriously. Don't try to rush customers; instead, give them time to vent and say everything they want to. Don't interrupt. Customers will often cool off, realize that he blew things out of proportion, and accept whatever solution you propose.
- *Keep your cool.* Angry people often utter things they don't really mean. Don't take them personally. Always respond in a calm manner, and stay focused on the issue at hand.
- **Probe.** Ask questions to make sure you understand the real problem and source of the anger. Through careful questioning, you will be better prepared to offer meaningful solutions.
- *Be empathetic.* Along with a humble apology, you must be able to empathize with your customers. To be empathetic means that you can identify with your customer's plight. It doesn't mean you can feel his or her pain, it simply means you can appreciate the inconvenience, trouble, stress, etc.

that the problem has caused this person. An angry or upset customer wants to know two things — that you care about him or her personally and that you're going to do something to remedy the situation.

- Seek their solutions. Assuming the homebuyer is calmed down by now, ask him what it is exactly he'd like you to do. If the person is reasonable, the solution offered might cost you less than what you would have proposed, and the client walks away feeling like he got everything he asked for. If the demand is unacceptable, ask the homebuyer to explain his rationale. If there's a clear misunderstanding about a product or service, the benefit of the doubt should always go to the homebuyer. If you've tried to be receptive and the client is still irate, explain that you'd like some time to work on a solution, and schedule another meeting. By then the customer should be calmed down.
- *Take action.* Propose a specific and quick solution that both parties can agree on, and put it in writing. While you're at it, agree on a specific timeframe for accomplishing what you say you'll do. Then do it. During this period, keep the customer informed of what you are doing and the progress being made. If you run into a snag and need to alter your agreement, be open and honest about it and consult with the homebuyer right away.
- Service recovery. A customer who feels betrayed will be looking for some gesture of atonement or compensation. This is called service recovery. To be effective, service recovery should be specific to the situation and personal so it doesn't appear like you're doing something just to get rid of an angry customer.
- Follow up. Check in to make sure things are going well. This is a good time to let them know that they were instrumental in bringing about changes that will help other customers. If that's not true, you might say, "We still haven't solved the problem that caused your situation, but we're working on it." That shows that you're still sincerely concerned about what happened to them.

Customers who have their complaints successfully resolved often become more loyal customers and at the very least stay above becoming a hostile customer. From their perspective, they've seen you screw up and they've seen how you sincerely care about them and want to resolve the situation.

Once you've resolved the situation satisfactorily, you'll have earned another opportunity to serve them in the future — and of those they'll tell how well you handled it. After all, in most cases these clients aren't customers from hell — they've just been through a hellacious experience we created. **PB**

Paul Cardis is CEO of NRS Corporation, a leading research and consulting firm specializing in customer satisfaction for the home building industry. He can be reached at pacardis@nrscorp.com.



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NEW HOME KNOWLEDGE

Price Negotiation Customers

John Rymer:

All customers want a good value when purchasing a home. Yet some customers are overly fixated with negotiating a price. It is not unusual for these customers spend more time working on a special deal than in choosing the floor plan or homesite. How do you deal with a customer who wants to over-negotiate price? Is it possible keep control of the process and still keep a positive attitude with your customer?



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Jeff Kaizer

National Builder in Florida Annual Sales - \$8.3 million; 41 Units

IN TODAY'S MARKET, THERE ARE MANY PEOPLE WHO WANT TO NEGOTIATE ON PRICE, negotiate on terms and even negotiate on possession or features. And while I know many of these people like to negotiate, they also like to work with a company that has what I call "Reverent Power," meaning consistency and fairness with all their customers. The company I work for has a non-negotiation policy; a one tier price for everyone. While that may seem harsh on the surface, I'm able to show my customers the benefits of this program. Our discount is built in on the front end rather than the back end.

Appraisers will value your home based on the lowest level of random discounting and that can mean trouble for buyers in the mortgage process. One tier pricing also helps a builder's customer satisfaction because everyone knows what their neighbor paid for their home. Secret price concessions always have a way of coming back to hurt the builder once customers move in and begin comparing prices.

Mary Singleton

National Builder in California Annual Sales - 75 units; \$15 million

CUSTOMERS THAT WANT TO NEGOTIATE WITH YOU ON THE PRICE have to be enlightened to the fact that they are looking at the best value in the marketplace. To present your case for value, you have to be knowledgeable about what else is out there in the marketplace. If you are priced well, you will be able to show value and quit negotiating. Builders who like to negotiate typically like to mark things up so they can discount for customers who like to think they are getting a good deal. I just show them the facts.

Jerry Gumbin

National Builder in Texas Annual Sales - 62 Units; \$11 million.

I THINK IT IS VERY NORMAL FOR PEOPLE TO WANT TO OVER NEGOTIATE PRICE. Many times they are simply looking for conformation that they are getting the best value in the marketplace. When dealing with these customers I don't think it's only about price. You need to show everything that goes into the value equation: the quality of the home, the materials that go into it, the workmanship, the number of satisfied customers and the number of years your builder has been in business, the warranty that customers receive with our homes as well as the community features.

When I first got into new home sales, I was concerned that I would lose customers over price discounts. What I found is that once I establish the value of our homes, customers are just testing the price and really are not interested in going elsewhere.

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Industry Spotlight

>> 2006 INTERNATIONAL BUILDERS' SHOW

Wrap up: The 2006 International Builders' Show

Mixed economic forecasts, products aimed at boomers and hurricane construction highlight the annual mecca for housing industry professionals

NAHB reported a record breaking 105,000 housing professionals gathered in Orlando, Fla., for the 2006 International Builders' Show — the housing industry's largest new products and ideas showcase. The Orange County Convention Center was filled with more than 1,600 exhibitors spanning more than 1.5 million square feet of space and offering more than 300 categories of products and services for the residential and light commercial construction industries.

Professional Builder and its sister publication Professional Remodeler had a cadre of reporters on the exhibit floor and at education sessions, press conferences and other special events to find out what's new and useful for builders.

Legacy of Katrina

Senior Contributing Editor Matt Powers says the "Katrina Cottage"— a model home offering transitional housing for the shattered Southeast — was "the show stealer." Architect Andrés Duany of Duany Plater-Zyberk in Miami, one of the founders of New Urbanism, spoke about the need to get permanent structures on the ground in the devastated Southeast.

"There's such desperation that there's danger of building back as badly as it has been in the last 20 years," Duany says. "We can't build it back like it was. We need to build a place that is spiritually whole, so people won't be saying for 100 years, 'It used to be better."

Senior Editor Laura Butalla was briefed on one of several products used to hurricane proof homes — a new type of glass block system offered by Pittsburgh Corning that enhances the look of windows and provides a defense against hurricane impact.



the company that won the Energy Value Housing Award for Builder of the Year. (Left) **PROFESSIONAL BUILDER** sponsored Show Village, a showcase located in the parking lot adjacent to the convention center.

JIM SARGENT AND

VICKIE ANDERSON

(above) are partners

at AndersonSargent

Custom Builder, LP.

Economic Outlook for Housing

Has the housing bubble burst? Chief economists David Seiders of NAHB, David Berson of Fannie Mae, and Frank Nothaft of Freddie Mac addressed this question at both an educational session and press conference.

At the session attended by *PB* Managing Editor Erin Hallstrom-Erickson, the group reported that sales of new and existing homes have slowed. Seiders' 2006 forecast reveals 'home sales and conventional housing starts that come [down from] the 2005 highs,

but that remain comparable to the excellent performances of 2004."

At the press conference attended by *Professional Remodeler* Editor Kimberly Sweet, Seiders predicted a decline in house price appreciation rates from 12 percent in 2005 to 6 percent in 2006 nationally, and specified a 6 to 7 percent decline for home sales and single-family housing starts. Berson, on the other hand, put the drop in housing activity at 8 percent, with home prices gaining by 3 percent.

Nothaft optimistically projected 7 percent home price growth in 2006 and

Industry Spotlight

said that he does not see 30-year fixedrate mortgages rising above 6.5 percent.

But while some say bust, others say boom. Architects Walt Richardson, FAIA, and Quincy R. Johnson, AIA, along with planner/designer David Clinger and consultant Lewis M. Goodkin, predicted a housing boom — starting now and running through 2010 — at a session attended by *PB* Senior Editor Bob Sperber on "Building for the Next Boom."

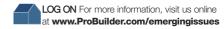
New Products

PB Senior Editor Bill Lurz says few products exhibited at IBS were really new and even fewer revolutionary in their impact, but the exceptions are worth noting. Joe Lstiburek, president of Building Science Corp., has castigated window manufacturers and the entire housing industry for not coming up with a simple piece of plastic to channel

water away from the lower edge of a window opening. Dow is one manufacturer that listened and has introduced the Weathermate sill pan. Two pieces of molded polymer go together to fit virtually any opening (Marvin Windows has a new product, SillGuard, that differs in that it comes in three pieces and has a rigid pan sill). Dow also has a new insulating foam sealant — from the Great Stuff Pro series — with flexible curing that provides an airtight filling around windows and doors while allowing the installation to expand and contract without bowing. Combined, these two new products can solve many moisture penetration problems associated with window and door installation.

In other product news, ease of installation for builders and ease of use for homeowners were key features. Products Editor Rhonda Jackson spoke to company representatives about Crown Heritage's EasAlign magnetized installation system that makes seamlessly aligned staircase rails possible, and Delta Faucet's universal valve that allows the trouble-free change of bathroom fixtures at any point in the building process. Hallstrom-Erickson was briefed on SpaceLift's remote-controlled, floor to attic lift system, designed to save boomers and others the aches and pains normally associated with attic storage. Turn to page 119 for more products featured at the Builders' Show.

Though impossible to hit all the highlights, or visit more than a fraction of the exhibits, nothing compares to the Builders' Show as a source for new products and ideas, and a chance to learn best practices from experts and peers alike. **PB**







ANDERSONSARGENT'S ZERO
ENERGY HOME won a EVHA gold
award in the Custom Home, Hot
Climate category. The builder's
commitment to green building through
the years contributed to its recognition
as the EVHA 2006 Builder of the Year.

ENERGY VALUE HOUSING AWARDS HONOR ANDERSONSARGENT CUSTOM HOMES AS BUILDER OF THE YEAR

SEVENTEEN BUILDERS WERE RECOGNIZED FOR ENERGY EFFICIENT HOME CONSTRUCTION AT A DINNER AWARDS CEREMONY HELD DURING IBS

THE NAHB RESEARCH CENTER held its 11th annual Energy Value Housing Awards dinner in conjunction with the 2006 International Builders' Show. The EVHA honors builders who voluntarily integrate energy efficiency into the design, construction and marketing of their new homes. The program also educates the home building industry and public about successful approaches to energy-efficient construction.

Awards are made in affordable, custom, factory-built, production and multifamily categories for hot, moderate and cold climate regions.

The EVHA Builder of the Year award was presented to AndersonSargent Custom Builder LP of Waxahachie, Texas. EVHA judges noted that the builder has made a commitment to building homes with high-energy efficiency since the mid-1980s. It\s reputation for both quality and energy efficiency translates into a two-year waiting list for clients. AndersonSargent also won a 2006 EVHA gold award for its zero energy home.

Susan Susanka, architect and author of "The Not So Big House," which proposes "building better, not bigger," gave the keynote address.

The EVHA program is managed by the NAHB Research Center and operated in partnership with the NAHB and the U.S. Department of Energy.

EVHA gold winners, in addition to AndersonSargent, were as follows: Aspen Homes of Colorado, Inc. (two gold awards), Windsor, Colo.; Palm Harbor Homes, Addison, Texas; Stitt Energy Systems, Inc., Rogers, Ark.; and Sunterra Homes, Inc., Bend, Ore.

Silver winners: Applegren Construction, Grand Forks, N.D.; Chisholm Creek Development, LLC, Enid, Okla.; The Cohousing Company, Berkeley, Calif.; Ferrier Builders, Inc., Fort Worth, Texas; Fireside Home Construction, Dexter, Mich.; and Tierra Concrete Homes, Pueblo, Colo.



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Silver Line Windows AT WORK IN MILLIONS OF HOMES >> BY LAURA BUTALLA, SENIOR EDITOR

Covering your bases

Can builders pursue recent military base closures and make it worthwhile for everyone involved?

In November 2005, the Base Realignment and Closure (BRAC) commission approved 22 closures, recommended realignment for seven and left five bases open. What does this mean for builders? Those 22 closed bases will eventually appear on the market for sale. In a time of decreasing availability of developable real estate, bases closings — which often are near large metropolitan areas — can provide some of the largest expanses of undeveloped and valuable land in the country.

Researching & purchasing

In February 2005, Lennar Corporation came in with the highest bid for Marine Air Station, El Toro, Calif., in an online auction. Lennar's purchase of the four-parcel property totals 3,718 acres, for \$649.5 million. The El Toro base closed as a result of the 1993 BRAC list. Thirteen years later, the real estate was purchased.

The Navy — who handled the sale — asked for \$525 million as the minimum bid and required all bidders to put up cash or letters of credit to enter the auction. Lennar's purchase price exceeded the Navy's minimum bid by \$124.5 million.



AN ARIEL SHOT shows the amount of land available when Naval Air Station Alameda, Calif., closed during the 1993 closures.



- the military can make the sale and transition operate more
- 2. Think Big. The success of redeveloped land requires planners to have a large, overall vision of its possibility.
- 3. Partner for Success. The local community must buy into the redevelopment, which requires strong partnerships with both public and private interests.
- 4. Know the Market. The property end use must be supported by the local community's market realities.
- 5. Know the Politics. To move the redevelopment process along, builders must be aware of the local political process and how to make things happen.
 - 6. Understand Potential Hurdles and How to Overcome

- cal, which will create unique obstacles.
- 7. Knit the Installation Back into the Community. Successful reuse requires integrating the property and the community.
- 8. Create a New Image. To help win local support welcome centers and open buildings create excitement and interest.
- 9. Take It One Step at a Time. It often takes more than a decade to complete redevelopment and involves multiple simultaneous deals and land transfer negotiations.
- 10. Be Flexible. The original plan will probably not be accepted due to obstacles such as changing trends, political realities and market forces. Be prepared to adapt.

Provided by: Richard Dorrier, AICP, principal and vice president in EDAW Inc.'s Alexandria, Va. office.

LESSONS FROM TUSTIN FIELD

The Marine Corps Air Base in Tustin, Calif. was among 26 major bases closed from the 1991 BRAC list. John Laing Homes purchased 55 acres of the approximately 1600 acres and bought an additional 5 adjoining acres from a private land owner. During an online auction, 210 acres of the 700-acre package were sold to William Lyon Company and Lennar. Much of the property will be divided for commercial building parks, and the remainder remains unsold with Centex Homes and Shea Homes in negotiation.

John Laing Homes did not get involved directly with the military during the purchase. "The city of Tustin had already negotiated the conveyance of title from the U.S. Government to the City prior to JLH getting involved," Steve Kabel, president for the south coast division of John Laing Homes says. Instead, the John Laing Homes' involvement began with a response to the city's Request for Proposal. "The response included our qualifications as a residential builder and land developer, our concept of a land plan and product, and our economic proposal including price and terms," says Kabel.

Laying the foundation for this project required working with the public agency staff, policy makers and neighborhood



JOHN LAING HOMES' finished product (above) at Tustin Field. **TUSTIN FIELD** before development (below).

advocacy groups. "In the instance of Tustin Field, we recognized early on that the policy makers [City Council] had a very definite vision for what they wanted to accomplish," Kabel says. "The City Council also empowered a very capable staff to implement the vision."

It's also common for the U.S.
Government to convey former military bases to public agencies with the caveat that a portion of the former base be set aside to assist the needs of local faith-based entities. "We worked with the Salvation Army to provide transitional living/housing both onsite and offsite in accordance with the conditions imposed by the military as a predicate to the con-

veyance of the base property to the City of Tustin," Kabel says.

Overall, John Laing Homes found it important to collaborate with all the groups involved. "Initially, we listened a lot to the policy makers and their designated military base conversion staff," Kabel says. "Then we began to settle in on a strategic planning process that would permit the project to evolve through an understanding of the community's needs.

"This is traditional land use design process on steroids," Kabel says. "It is a process that moves you from pure, traditional zoning to place making. We relied heavily on city staff, planning commission, and city council meetings."







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LG Quartz Surfacing



- Richard Dorrier

LAND USE IN THE BASE REUSE PLAN AT FORT ORD included residential, educational, office, retail and industrial space. Although El Toro sold in an online auction, that may not occur for all future sales. Each base will be dealt with on a case-by-case basis, depending on land availability and approval of environmental safety. In addition, whole bases may not sell in single auctions. "More likely what will happen is different parts of the base will be bid at various times," according to Richard Dorrier. He is principal and vice president in EDAW Inc.'s Alexandria, Va. Office. EDAW Inc. works with the government and developers to redevelop base closings from a land and community planning prospective.

Waiting for possession

Builders and developers purchasing bases must work with the local as well as federal government officials. The local government must establish a Local Redevelopment Authority (LRA) to initiate and guide the reuse process. To assist communities, Congress enacted the Base Communities, Assistance Act (BCAA) in 1994. The BCAA helps overcome job loss due to base closings by supporting economic development and helping workers learn new job skills.

In addition, it provides assistance resolving environmental issues and delivers planning grants.

Relocating current Military personnel takes

place before process planning begins. "The government has to have new buildings and homes already constructed or available at another base to move those people," Dorrier says.

After relocation, the government prepares and cleans the land. Some bases contain environmental contamination, inadequate infrastructure, buildings not up to code, and, occasionally, unexploded weaponry. The BCAA expedites clean up, but the developer/builder must stay in the loop.

Working together

Possession of the land passes to the developer/builder after clean up. As part of possession, builders must negotiate building new utility systems, roads, parks, schools, and public service facilities.

Once everyone agrees to a final plan, building starts. In all, the process of purchasing and redeveloping a military base closure can take up to ten years. "They are and can be very rewarding to certain developers if you're willing to work in the kind of environment that has more regulatory and government oversight," Dorrier says.



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OTHER AVAILABLE RESOURCES

U.S. Department of Defense (DOD) -

www.defenselink.mil/brac
Air Force Real Property Agency www.afrpa.hq.af.mil
U.S. Navy (USN) - www.navy.mil
Environmental Protection Agency - www.epa.gov
Office of Economic Adjustment - www.oea.gov
U.S. General Accounting Office - www.gao.gov
National Association of Installation Developers -

Taxpayers for Common Sense - www.taxpayer.net International City/County Management Association - www.icma.org/basereuse

MAJOR CLOSURES

Army (12)

Riverbank Army Ammunition Plant, Calif. Fort Gillem, Ga.
Fort McPherson, Ga.
Newport Chemical Deport, Ind.
Kansas Army Ammunition Plant, Kan.
Selfridge Army Activity, Mich.
Mississippi Army Ammunition Plant, Miss.
Fort Monmouth, N.J.

Umatilla Chemical Deport, Ore.

Lone Star Army Ammunition Plant, Texas Deseret Chemical Deport, Utah Fort Monroe, Va.

Navy (5)

Naval Air Station Atlanta, Ga. Naval Station Pascagoula, Miss. Naval Air Station Willow Grove, Pa. Naval Station Ingleside, Texas Naval Air Station Brunswick, Maine

Air Force (5)

Kulis Air Guard Station, Ark.
Onizuka Air Force Station, Calif.
Brooks City Base, Texas
General Mitchell ARS, Wis.
Cannon Air Force Base, N.M.*
*Closure recommendation goes into effect if the Secretary of the Air Force does not designate a new mission for the installation by December 31, 2009.



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* Inside Mortgage Finance (Jan. 28, 2005), Copyright 2005.



To hear architect Andrés Duany of Miami-based Duany Plater-Zyberk tell it, Coastal Mississippi is about to enter a reconstruction renaissance. At the same time, he says, New Orleans has been hamstrung by indecision and conflict.

"Every time they make a final plan in New Orleans, they retreat," Duany says. "Then they retreat again. I've never seen anything like it. They let five or six people come in who are vocal, and everything comes to a halt. You wouldn't design chewing gum based on the opinions of five or six people. How can you plan a city that way?"

In January, we filed a report about the prospects for a surge in home building in the New Orleans region ("No Man's Land"). Since then, construction activity has begun to pick up — not just in New Orleans, but all along the Southeast Coast — through Mississippi.

Mike Centineo, the Director of Safety and Permits for New Orleans whom we met with in November, says he expected a faster repopulation of the city.

"Hundreds of people come to our office every day," he says. "But we've got a long way to go. We assessed 91,000 properties and we're writing hundreds of permits for renovation, but not thousands."

Almost all of those permits, so far, have been for repair and renovation. But the trades — especially electricians and roofers are swamped. Estimates of total homes in the region either lost or heavily damaged total about 217,000.

"At first, we couldn't get labor," says Carl Lenczewski, a Detroit roofing sales rep who has been working in New

Orleans, and is now moving to the region. "But now there are a lot of guys standing around without work. I'm talking about unskilled laborers. The contractors are all working, but they can't use any more inexperienced labor.

"There are scams everywhere, like you wouldn't believe," he adds. "Nobody's pulling permits. I've seen two pregnant women working on two separate roofs. Guys are putting their wives and their kids to work. I've seen some crazy stuff."

Mixed Motives

That labor problem is not unique to the Louisiana coast-≥ line. Further west, Mississippi is facing its own growing pains. Jason Spellings, a builder with ICON Artisan Builders in Jackson is planning to jump into the coastal rebuilding fray.

"I live three hours from the coast, here," he says. "Personally, my motivation is that I sat down with a group of 50- and 60-year old women from that area and listened to their stories. They're totally screwed. They're living in FEMA trailers and popups. They need help, and they don't know where to turn.

You drive down there, and you see more Chevy pickup trucks than you can count that don't have a tag," he adds.

> "It's just sick. A lot of these people coming down there don't know what the hell they're doing."

> Spellings has carefully thought through how he can build economically on the coast, spending a few days of each week at home in Jackson. His solution: a narrow choice of plans, modular components and care and feeding of his framing crew. First, he has to create a base of operations. He was the first builder to construct one of the new "Katrina Cottages" (see sidebar on page 82), so he's hoping to capitalize on that experience, and build a small selection of simple, New Urbanistinspired homes.

Next on the agenda: acquiring land for scattered sites near the coast. Spellings figures the inflated labor costs on the coast

will allow him to raise his own rates enough to cover travel and inconvenience.

"Pretty quickly we're going to have a reputation as somebody who does what we say will do, and does it well," he asserts. "Then we'll have plenty of work."



ANDRÉS DUANY'S New Urbanism efforts are paying off big in Mississippi, where 11 towns have adopted ambitious plans.

New Urban Coup

Perhaps the biggest difference between Mississippi and New Orleans, however, has been the fast-track application of New Urban master planning. While the Katrina Cottage (see "Cottage Industry" sidebar on page 82) may be getting the press, the bigger story is New Urbanism's leading role in shaping a vision of Gulf Coast renewal.

"Before we even arrived on the scene, there were about



MY MOTIVATION IS THAT I SAT DOWN WITH A GROUP OF 50-AND 60-YEAR OLD WOMEN FROM THAT ARFA AND LISTENED TO THEIR STORIES. THEY'RE TOTALLY SCREWED. THEY'RE I MNG IN FEMA TRAILERS AND POPUPS. THEY NEED HELP. AND THEY DON'T KNOW WHERE TO TURN."

60 high-rises in the permitting pipeline," notes Duany. We either had to build elsewhere or incorporate them into our plans."

Duany credits the top-down "get it done" leadership of Mississippi Governor Haley Barbour for allowing New Urbanist principles to become reality almost overnight in the region.

Barbour was not above twisting arms to get his way, either, Duany notes. The Governor dangled his discretionary funds over the heads of local planning officials. To get their share of the rebuilding money, they would have to sign on to a master plan with long-term design integrity (translation: New Urbanism).

Working without pay, DPZ led a successful effort to get II coastal towns to adopt ambitious plans, all of them rooted in New Urban principles. Other New Urbanism-friendly architectural firms such as Calthorpe Associates in Berkeley, Calif., and Urban Design Associates of Pittsburgh, also played a major role in the effort.

"This is what you might call a 'Perfect Storm' for adopting new technologies," notes Ben Brown, a new urbanism consultant based in Franklin, NC. "You can't just pick off one little thread. It all has to happen at once. For one Mississippi charette, we brought in sociologists, mass transit guys and the economic development people. They're all specialists but it all has to work together."

Marty Milstead, executive vice president of the Home Builders Association of Mississippi is working the practical end of the rebuilding equation: helping builders get their operations back together, and making sure they're well supplied. But he, too, is looking for something other than rough shelter.

"I think we can't just rebuild the coast," he says. "We've got to build it better, or we're doing ourselves a disservice."

Modular Futures?

Which technologies will leap to the foreground? "I think there's going to be an enormous, instant market for manufactured housing," Brown says. This will be good looking stuff with architectural detailing, he notes.

Spellings, the Jackson builder, is a devout believer in traditional neighborhood design principles. He suggests modular components with the right detailing will be an essential tool for rapidly creating traditional neighborhoods in many communities in southern Mississippi.

"The concept of traditional neighborhoods has been sold in II cities," he says. "It's going to be up to the private developer to make that promise a reality.

"We're hoping the big-shot tract builders will stay north of I-IO," he adds, "and not come in and change the face of the landscape. If they want to build a cookie-cutter subdivision with three kids on bikes riding around on empty streets, they can do it out on some farmer's field."

STALEMATE

- Jason Spellings

In New Orleans, need for immediate housing have come head to head with hopes for long-term revitalization.

Mayor C. Ray Nagin's *Bring New Orleans Back* Commission faces enormous pressure. In January, the commission caused a small revolt among some local residents, when it suggested putting a moratorium on all permits for reconstruction for at least four months. That suggestion was coupled with the idea of forced buyouts of homes in areas considered unlivable.

The driving force behind that recommendation: a way to get reconstruction rolling more quickly. But the Bush Administration quickly stepped in to attack the buyback plan. Instead, they want compensation efforts to focus on the 20,000 uninsured homeowners located outside of the flood plain. Louisiana Governor Kathleen Blanco lashed out at what she considers Federal meddling in local recovery plans, calling the Bush plan a "prescription for failure."

Nonetheless, say developers and planners, New Orleans WILL rise again, whether as a shanty town or a thriving city. The Rand Corporation, a research think-tank headquartered in Santa Monica, Calif., notes that New Orleans had a population of 462,000 before the Katrina flooding. They predict that the current population of 144,000 will nearly double by fall 2008.



SIGNS LIKE THESE HAVE POPPED up all over New Orleans neighborhoods, especially poorer ones such as the lower Ninth Ward. Some local residents have begun squatting in their damaged homes, for fear that they won't be allowed to rebuild.

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"I THINK WE
CAN'T JUST
REBUILD THE
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GOT TO BUILD IT
BETTER, OR
WE'RE DOING
OURSELVES A
DISSERVICE."

- Marty Milstead

Setting Up Shop

Although locals have mixed feelings about out-ofstate and out-of-town contractors, new arrivals don't always deserve a bad rap. Some are experienced builders, such as Rob Waldron, who is moving his family from Southern Maine to the New Orleans area because he sees years of lucrative work ahead.

"My two friends and I are looking into buying building that nobody wants to deal with, and renovating them," Waldron says. "We'd like to be able to hire people, but the licensing thing kills you down there. The big thing is that to get licensed, you need to have workers compensation for all employees. They want 49 cents for every dollar you pay, so we can't afford to hire anybody.

Despite the obstacles, there's plenty of evidence that contractors are flooding into the region. Most motels and hotels in the area are sold out.

Waldron notes that on one front at least, New Orleans is making good progress. "There are lots of demolition guys to hire, and some are actually pretty cheap. All you have to do is get the debris to the side of the road and the city will get rid of it. That's a major plus." **PB**

ONLINE RESOURCES

Mississippi Renewal Project

Detailed plans, elevations, photos, proposals for rebuilding the Mississippi coastline. http://www.mississippirenewal.com/info/plansRepo

rts.html

Greater New Orleans Community Data Center

General demographic information about New Orleans' 73 neighborhoods and the 10 surrounding parishes.

http://www.gnocdc.org/

Brookings Institution

The most up-to-date overview of the reconstruction process in New Orleans. Their most recent report came out on Feb. 1, 2006.

http://www.brookings.edu/metro/pubs/200512_kat rinaindex.htm

Carl Lenczewski also offered to answer builder auestions

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COTTAGE INDUSTRY

The team behind the "Katrina Cottage," hope to see it become a permanent part of the region's design vernacular.

In the age of oversized homes, will anyone really move into a 300 sq. ft. house — even temporarily? A group of influential architects and manufacturers are betting that they will, given the alternatives — a FEMA trailer or other temporary structure. Marianne Cusato, a New York Designer, created the Katrina Cottage 1 plan, aiming for a construction cost of \$25,000 to \$30,000. James Hardie sponsored the prototype seen at the International Builder Show in Orlando in January.

"All sorts of high-end developer want it already," says Andrés Duany. "This cottage *matters*, because it's a symbol of building well. The U.S doesn't know what it's doing when it comes to designing homes. People don't know what a decent design is."

Those may be fighting words to some home designers, but Duany has never been shy about his views.

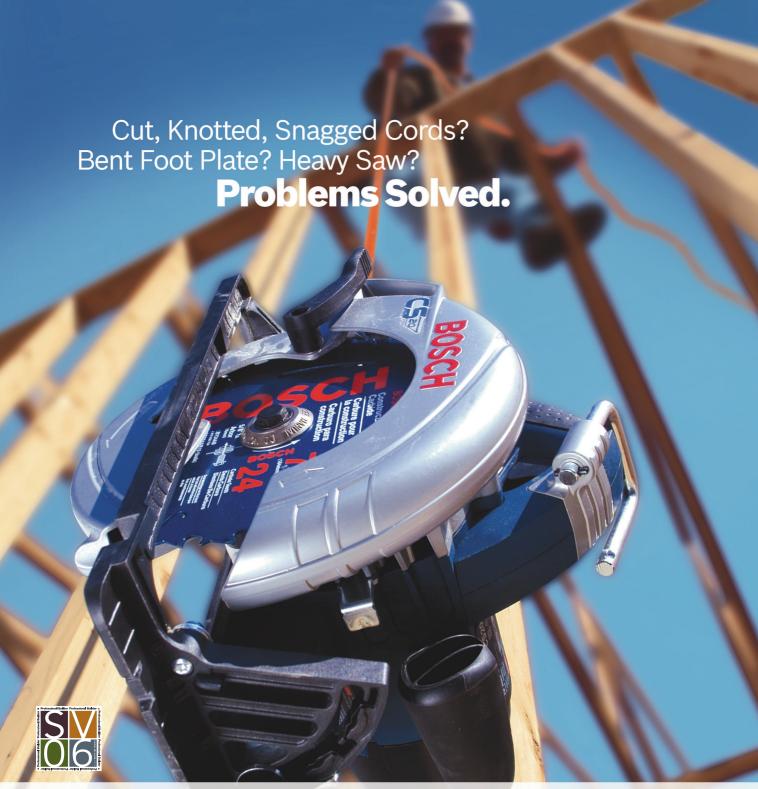
"Why doesn't FEMA fund these cottages, instead of trailers. But that's the problem, FEMA is not chartered to do anything permanent. HUD is. The FEMA trailers from Andrew are still there 15 years later. Whatever you install is going to be essentially permanent."

The New Urban Guild plans to publish several designs specific to the Katrina effort. "Katrina Cottage 1" is the first home actually built from those plans. Jason Spellings of Jackson, Miss., built the prototype.



WITH FLOOR PLANS STARTING AT 300 SQ. FT., the Katrina Cottage was designed for ease of construction without sacrificing the New Orleans vernacular style.

PHOTOGRAPH BY JASON SPELLINGS



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LEFT BEHIND

Nobody expected the waters of the hurricane to reach the high ground here in St. Bernard Parish. The few residents who have returned so far face a desperate situation.



As Irma Pizzuto talks about what happened to her following the hurricane, she has to fight back tears. She and her husband Joe fled before the storm, taking few of their possessions and never dreaming that the water would end up 13 feet high in her living room.

Now, her beauty shop business is no more. She had minimal flood insurance, and the house is being consumed by mold

"Our insurer told us not to bother with flood insurance here," Pizzuto says. "I didn't feel good about that, so I bought half a policy anyhow - but that's not going to allow us to rebuild. The couple now stays in a tiny FEMA trailer in Peal River, more than an hour away.

"I never expected to be living in a trailer after 38 years in my home," Pizzuto says.

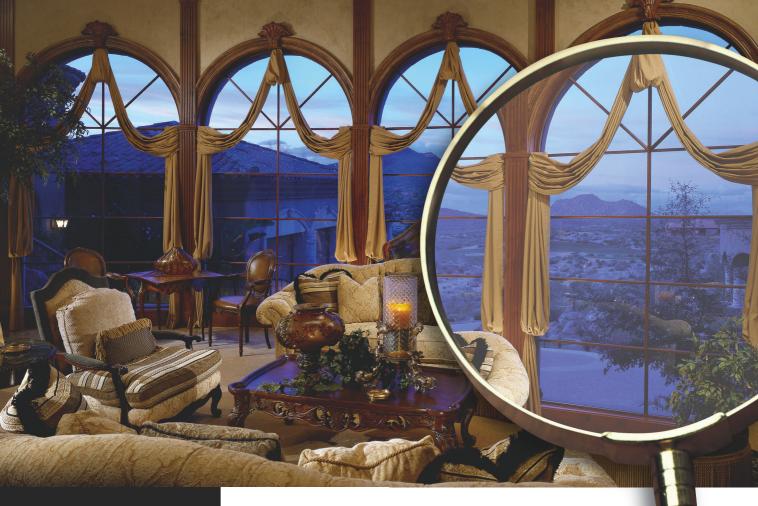
"We were just about to pay it off. It's not right. We can give all this money to rebuild other countries, but we're Americans, and we can't get help. Now, everything we try to do is like hitting a brick wall."

Monroe Riviere and his wife Linda face an even worse scenario. Neighbors of the Pizzutos, they had no flood insurance at all. All of their family members also lost homes, and have moved away. The safety net is gone. The Rivieres have been driving two hours (one way) from Mississippi, where they're living with friends, to work on their house. They live in dread that they will be required to elevate their home in order to continue living here.

"You can't take a whole city and bring it up," Riviere says. "Where are streets gonna be? 20 ft. down below at the ground?" A block away, Charles and Cindy Ricard are sitting alone amidst the ruin of their home. They have been driving to the site every day for weeks, waiting for FEMA to supply them with a temporary trailer. Their house is in ruins behind them.

"We raised a family in this house - three, productive, tax-paying children," says Charles Ricard. He takes me to look through the broken picture window of his home. "That was our dining room," he says. "And that was our kitchen, not that you can tell. The refrigerator ended up in the living room.

"Now you can't even go in there," he adds, "not even with mask and the safety gear - I was having respiratory problems. Now we can't even get FEMA to return our calls." He pauses. "Hell, I'd settle for a tent right now."



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Proactive Solutions

>> FELICIA OLIVER, SENIOR EDITOR

BASF Demonstration Home does Double Duty

BASF has constructed a new Better Homes, Better Planet: Near Zero Energy home in Paterson, N.J., that not only utilizes energy efficient and sustainable building practices, but also incorporates elements of universal design — features that make a home functional for its inhabitants regardless of age, physical mobility or other individual concerns.



BASF developed the Better Homes, Better Planet home concept to demonstrate that its technologies have energy efficient, ecological benefits.

"We felt like this is a great way to really show people concrete ideas of how innovative chemistry can actually make high-performance buildings," says Jack

Armstrong, business manager for BASF's North American operations.

But it was brought to the company's attention that St. Michael's Housing Authority, a philanthropic organization in Paterson, N.J., wanted to find housing for a teenage quadriplegic, Richard Sosa, and his family. The Paterson city coun-

cil selected a lot for the home, and HUD provided a grant to BASF for the construction of its mechanical systems, according to Armstrong.

After using it as an educational tool for homeowners, builders, architects and government officials, the three-story, 2,900 sq. ft. home will be donated to St. Michael's, who will turn it over to the Sosa family.

"We needed to design things so that he could really get around," says Armstrong. "We can illustrate other ecologically sensitive and sustainable products even in the universal design world."

BASF tapped its customers as partners in the venture. Polysteel and Insulspan provided the Insulating Concrete Forms and Structural Insulated Panels respectively, providing a well insulated building envelope. Whirlpool provided a refrigerator, washer and dryer that are energy efficient and accessible for the wheelchair bound. Best Bath Systems provided shower systems with a neoprene "water dam" that eliminates the need for a curb to keep water from flowing onto the bathroom floor, making it easy to move a wheelchair in and out.

BASF worked with Patricia Gaylor, an interior designer with GRAD Architects in Newark, N.J., on the design, to make the home both functional and beautiful.

The Better Homes, Better Planet: Near Zero Energy House is one of a select number of homes chosen for the U.S. Green Building Council's LEED (Leadership in Energy and Environmental Design) for Homes pilot program.

"The home is ...the highest Energy Star home they've ever analyzed as far as the design calculations," says Armstrong.

Proactive Solutions

>> BY LAURA BUTALLA, SENIOR EDITOR

Tech House Meets Green Standards

Vision Homes, Sarasota, Fla., teamed up with the Home Builders Association of Sarasota County to built its futuristic "Tech House," which has been certified by the Florida Green Building Coalition (FGBC) to educate the public on the benefits of green building to ones health and overall lifestyle.

Both the HBA of Sarasota County and Vision Homes hope to not only educate the public on the benefits of green building, but also to address concerns for safety and structural integrity by creating this house filled with new and advanced technologies in the home building industry.

This tech house achieves its green building status by including various features, such as block walls injected with expanding foam, which raises the exterior walls' R-factor to resist heat and cold weather. All windows in the house are impact resistant, double-pane insulated with low-emissivity (Low-e) ratings to reduce the load on air and heating systems. Two air-conditioning systems were installed, one on each floor, with 20 SEER (seasonal energy efficiency rating) compared to the current 12 SEER average.

Indoor air quality filtration systems control everything from microscopic dust mites and mold spores to infectious bacteria and viruses. Closed-cell foam insulation throughout the attic provides the house with a 30-degree average temperature reduction. Insulated hot water pressure lines under the foundation increase heat efficiency and lower both water and electrical costs while a re-circulating hot water pump transfers hot water within seconds anywhere in the house.

On the exterior, the use of water-wise landscaping with Florida-friendly plants provide efficient irrigation to enhance the property while using a fraction of the water normally required in conventional landscaping. For the pool area, cuttingedge pool features include a self-cleaning technology.

The Tech House opened to the public among the Parade of Homes in Sarasota, Fla. in February. A portion of the profits will be designated for local charities upon sale.

THE TECH HOUSE while still under construction.



Illuminating Tips

ONE OF THE COMPONENTS often overlooked in a builder's model, yet one that is vital to its success, is pre-planning a lighting design, says Judith Sisler Johnston, president of Sisler Johnston Interior Design in Jacksonville, Fla. Professional interior designers will often work together with a lighting specialist to ensure that floor outlets are included when plans call for furniture to be "floated" in the center of a room or that unsightly cords will be eliminated.

Johnson also recommends that recessed lighting should be used in conjunction with decorative lighting in task and entertainment areas such as kitchens, great rooms and offices. Choose lighting fixtures after interior finishes and furniture are selected to ensure that they complement one another, she says. The right choice of lighting fixtures can add to a room's ambiance by setting a romantic mood or helping to fill up an expansive space.

Sisler Johnson Interior Design has won more than 50 awards from building industry associations.





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It Takes a Village, Then Another...

Village Homes of Colorado takes a good move-up plan and makes it better from one community to the next.

It's always challenging for a production builder to swap longtime house plans for new, untried ones. In Denver, competing in a market dominated by national, public builders, Village Homes of Colorado was ready to change with the times, and keep on changing.

The new home series, the Haven Collection, was first built in April 2002 at the builder's Village of Five Parks community in the northwest Denver suburb of Arvada. Since then, this line has graced another, then another Village Homes development. Today, the Haven Collection is the builder's top-selling line, and is selling in its fourth metro-Denver community: Idyllwilde, in the town of Parker, Colo.

The Tiburon model at Idyllwilde, shown here, is a standout floor plan in this top-selling series. In this fourth community, pricing for this plan starts at \$372,000; Tiburons sell for more in some communities, less in others. In the context of the Haven series, it's at the high end of the line in price and size. A key aspect of this plan is its ability to pack 2800 square feet of living space into a 45 x 60-foot exterior envelope. This gives it the versatility to fit the market's small-lot norm of 55 x 100 feet, and yet still provide a higher amenity level than many competing offerings.

A NEW ELEVATION for the Tiburon adds hints of Prairie influence with low hip roofs and horizontal banding. A port cochère continues these lines while enclosing the driveway. Right: The dining room's double-tray ceiling adds a touch of formality to an informal open plan.

Market Conditions

"We had a couple of successful product lines we'd been using for several years, but things were changing," Matt Osborn, senior vice president of home building, says. Municipal growth controls and rising land costs were among the forces leading builders toward small-



er lots and higher-density land plans. At the same time, that higher density was clustered to allow for larger tracts of open space. Village Homes was already planning and building communities in this manner, ahead of many others in the market.

The five-plan Haven Collection tapped this opportunity and a desire to "bring suburban land planning and architecture to a new level," Osborne says. He saw it as a kind of hybrid design. It would serve as a perfect transition between a development's conventional neighborhood areas and those

VITAL STATS Tiburon Model Home

Location: Parker, Colo.

Builder/developer: Village Homes of Colorado, Englewood, Colo.

Architect: Bloodgood Sharp Buster Architects and Planners, Central Div.,

Denver

Interior merchandiser: Hillary Reed

Interiors, Littleton, Colo. **Home type:** single-family **Square footage:** 2796

Minimum lot size: 55 x 100 feet **Current model opened:** January

2005, Idyllwilde

Price: \$372,500 at Idyllwilde; higher and lower at other communities

First model opened: March 2002, City of Five Parks, Arvada, Colo. Buyer profile: move-up families

Product family: Haven collection

Plans and Projects

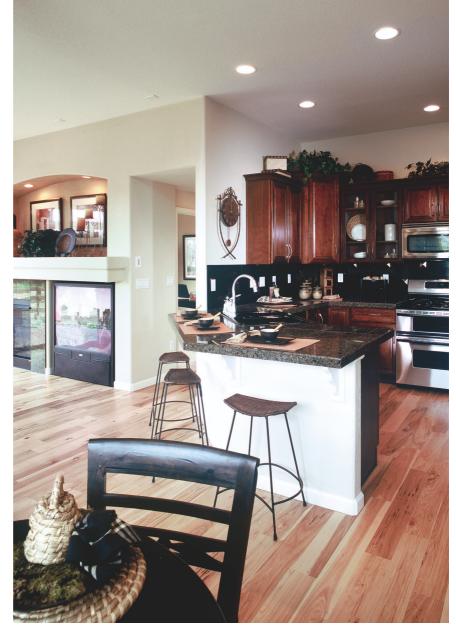
areas with Traditional Neighborhood Design-inspired elements, such mixeduse areas and small-lot, alley-loaded homes.

Managing Change

"The new product line presented a leap in terms of taking a chance in the way we handle design," Mike Sutherland, vice president of construction operations, says. "A big piece of having it be successful would lie in the ability to put these smaller-lot homes into a community and [still produce] the right margins."

Additionally, the company would tailor its elevations with more attention to the character of the community. Sutherland, who chairs Village's design team, has instituted a program to evaluate all plans annually and reevaluate them when bringing them into a new community. This may entail a "full rerelease of a plan, taking it through the full bid and buy-out process" including new cost estimations, says Sutherland.

This wasn't necessary when bringing the Haven collection to Idyllwilde, but there was a goal at the outset to bring more rustic elements to match the terrain. "The idea was to interpret the parcel as something that might have been a ranch or farmstead," Sutherland says. This theme was implemented in the architecture of Idyllwilde's farmhouse-influenced welcome center and a recreation/exercise facility is designed to look





DARK, RUBBED FINISHED cabinetry and contemporary furniture show a modern face to move-up families. Extra storage space can help homeowners keep a neat appearance (above). A curved balcony overlooks a well-lit first floor while adding to second-floor loft space.

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Plans and Projects

THIS TIBURON MODEL tests consumer adoption of flat-screen TVs with a media wall built for the new tech. The wall also hosts a see-through fireplace. Right: The master suite puts closets en route to the bathroom.

like a barn conversion, silo and all.

Having evolved from three previous communities since 2002, the Tiburon is different, but not all of the changes are easily noticed. When the Town of Parker, home to Idyllwilde, became the first of many jurisdictions to implement more stringent energy codes, Village Homes accommodated. The builder did more than the requisite HVAC duct routing adjustments; it reconsidered window placement and other aspects of comfort. Sutherland says this was a "whole-house engineering" effort that increased production as well as heating and cooling efficiency. The latter, in turn, fuels greater customer satisfaction.

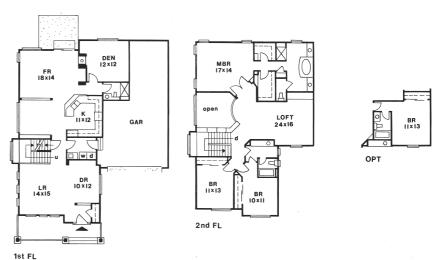
Changes that are more visible in the Idyllwilde rendition of the Tiburon include new colors, masonry and roofline changes. There's also a new level of detail on the exterior elevations, including corbels and exposed rafters. Additionally, an all-new Prairie School exterior treatment debuted here (as shown on these pages).

On the inside, consumer preferences are shifting as flat-panel TVs and other new technologies affect entertainment spaces. So for the first-time, at Idyllwilde, the Tiburon adds a seethrough fireplace and a new entertainment/media wall between the family room and den. This was a studied addition of a feature Sutherland says is "in flux."

While the exterior elevation of this Tiburon model is new, it borrows from another elevation the use of a porte cochère. The feature lends a broader, horizontal appearance to a narrow house and helps hide the car for greater curb appeal. Finally, the port cochère creates "an extra, enclosed space for kids to play ... to create a kind of internal courtyard," says Larry Moore, partner in charge for architectural firm Bloodgood Sharp Buster's central division office.

Key elements remain on the interior. The Tiburon keeps its stairway in the middle of the plan. It separates the front from the rear living space, but still provides see-through openness. Halfway up





to the second floor, a landing with a window bench provides a memory point in the form of a nook. Other popular holdover amenities include a double-tray ceiling in the dining room, a second-floor loft space with room for an optional fourth bedroom and a curved balcony overlooking the first-floor foyer.

"These features don't add a whole lot more cost and bring a higher level of design that buyers aren't used seeing In this price range," Osborn says, "so they help set us apart in a marketplace that's pretty crowded at the Tiburon's price point."

Continuing Success

The Tiburons' value equation adds up to more amenities per square foot rather than more square feet per dollar. "There are still people out there looking for value in terms of price per square foot, but we got a lot of positive feedback on the design of the Haven Collection as a whole, and the Tiburon specifically," Osborn says. "That's been an important

criterion of our decision-making process as we've evolved our designs.

Business results bear him out. For the first half of 2005, the Haven Collection was Village's best-selling series at approximately 22.5 percent of sales across 18 product lines, and the Tiburon comprised 20 percent of Haven sales.

At present there are three primary Tiburon elevations and additional community-specific versions mainly to accommodate site-specific grade issues. At least three more Tiburon elevations, including one with Victorian elements, are in the pipeline for a new community under development.

Osborn says the Haven Collection has exceeded expectations in every community, and characterizes the aesthetics as "icing on the cake." **PB**



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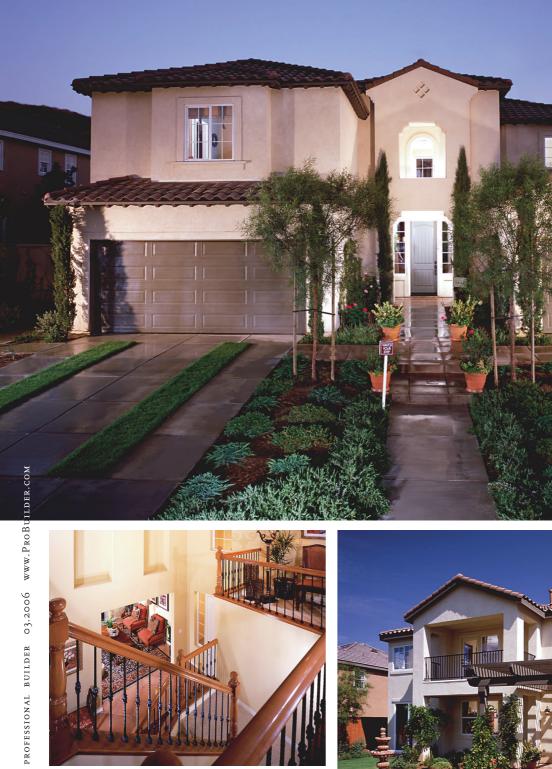
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Quality and Versatility Made Simple

California builder Castle & Cooke believes in providing quality and lasting value with a sense of belonging to its communities.

With the coastal counties of California approaching build out, there's been increased growth in the Inland Empire. Located east of Los Angeles and known for its dairy farms, orange groves and vineyards, the Inland Empire has become the place to go for a large, move-up home. Lake Elsinore-based Castle & Cooke took a different approach. The company focused on providing quality and more sophistication with its latest master-planned community, Alberhill Ranch in Lake Elsinore, Calif.

"The market in general took advantage of buyers moving to the Inland Empire," Ken Benson, vice president and general manager of Castle & Cooke's Alberhill Ranch says. "In many cases, [buyers] were looking for square footage and room count, but we now think there's a demand for homes that are more quality designed and built better. We're focusing on that move-up opportunity."

The goal is to provide lasting value with a sense of belonging. Castle & Cooke worked with the architecture staff at Sherwood Development, Thousand Oaks, Calif., a division of Castle & Cooke, to design the floor plans. An outside architecture firm was used as well. Knitter & Associates, Inc., Newport Beach, Calif., was hired to draft the plans. With their combined efforts, the two architecture teams created the image Castle & Cooke wanted.

LOOK PHOTOGRAPHY

Opportunities

Castle & Cooke's desire to establish a residential community rich with amenities, landscaping and quality housing began in 1992. But the housing decline of the early 1990s brought development to a halt. In January 2004, due to the undersupply of new housing throughout the region Castle & Cooke began development.

Alberhill Ranch currently hosts two major neighborhoods — Saltillo and Capella. Saltillo opened in May 2005 and Capella opened in August 2005. "This community [Saltillo] is focused on nurturing a sense of belonging and family-oriented homebuyers realize and appreciate these values," Michael Williams, vice president of sales and marketing for Castle & Cooke says.

"In fact, the immediate success and ongoing demand for Saltillo prompted the early release of its second phase, which showcases picturesque locations overlooking rolling hillsides," Williams says.

By offering valuable housing to buyers with its newest product line, Castle & Cooke positions the buyer for the move-

VITAL STATS

Alberhill Ranch, Lake Elsinore, Calif.

Neighborhood: Saltillo

Builder/ Developer: Castle & Cooke,

Lake Elsinore, Calif.

Architect: Knitter & Associates, Inc., Newport Beach, Calif. and Sherwood Development, Thousand Oaks, Calif.

Interior Designer: Garrett Interiors, West Lake Village, Calif.

Models open: May 2005

Home type: Single-family homes

Sales to date: With 83 homes released, only nine are left for sale. There were 22 Plan Fours offered; one remains.

Community size: Alberhill Ranch is 511 acres. Saltillo will consist of 150 home eiter.

Square footage: Plan Four approximately 3,122 sq. ft.

Drice: \$500,000 to

Price: \$500,000 to \$550,000 **Hard cost:** \$60 per sq. ft.

Buyer profile: Local move-up (Lake Elsinore/Temescal Valley) with 25 percent coming from Orange County.

A COURTYARD TO THE FRONT ENTRY was created by placing a garage on either side of the main entrance.

Plans and Projects

ENTERTAINING FORMALLY and informally works well with this open kitchen set-up.

up stage. Castle & Cooke achieves this by offering the classic house with strong standard features, including Europeanstyle white thermofoil cabinetry, tile flooring at the entry and kitchens, precast fireplace faces, built-in appliances and separate tub and showers in the master bathrooms.

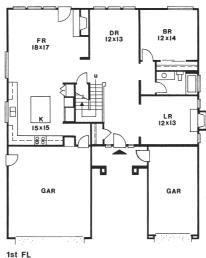
Potential and versatility sells. Plan four, the last of four plans offered, is the best-selling floor plan at Saltillo. It starts as a basic plan but offers considerable versatility, depending on family lifestyle and needs. This 3,120 sq. ft. plan has five bedrooms with a master bedroom that provides owners plenty of luxury and space, including a walk-in closet nearly the size of the master bedroom itself. Bedroom four includes an adjoining bathroom, which positions it well for teenagers as well as and college kids still living at home. Bedroom five can fit the needs of elderly parents or guests. It also can be converted into a den or office. Versatility.

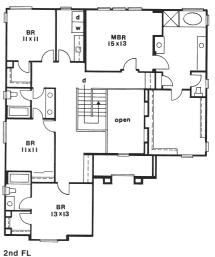
Plan four also was designed to "appeal to families who entertain both formally and informally," Benson says. The separate living and dining rooms provide formal entertaining opportunities while the kitchen, nook and family room offer a great informal ambiance. "We were trying to give some formal feel with the dining room, a family feel in the family room, and more kitchen area to work with," Greg Nutt, director of information services for Knitter & Associates, Inc. says.

Challenges met

The garage often dominates the elevation of houses with three-car garages. With classic-style homes, the domination is even more oppressive. With plan four, Castle & Cooke resolved the problem by offering a two-car garage on one side of the main entrance and a one-car garage on the other side. "Being able to have that split gives us the ability to get the front entry more in the center of the house, which goes back to the classic style," Rob Flay, architectural manager at







Sherwood Development, a division of Castle & Cooke says. "It's great because it created a courtyard in the front entry."

For a typical two-car garage, an entry into the house is offered, which is true for plan four. With a typical one-car garage, the exit leads directly outside. Castle & Cooke addressed that issue by exiting the one-car garage onto a covered porch, which is attached to the front of the house. "I've seen a lot of plans where they do one-car garages and you can't exit easily, you have to come outside," Flay says. "In this particular plan, we were able to create a covered porch off the front entry that makes access really easy."

Outcome

Price increases tend to occur each time a house sells, but Castle & Cooke doesn't believe in that. Offering value and quality comes first. Pricing for Saltillo has stayed between \$500,000 and \$550,000. "Our

concept is to build upon the value," Benson says. "First, we had to convince buyers there is value and that we build quality [homes]."

Another reason for offering steady pricing is it allows Castle & Cooke to position itself for the next several years. "For Alberhill Ranch, we intend to build all the product," Benson says. "We're looking at this consistently as opposed to building a 100 homes and being done with it. We don't need to overcharge in the first phase to where it's a marathon [to build out Alberhill Ranch]."

Steady pricing hasn't hurt. They have released 83 homes in the Saltillo neighborhood and only nine remain unsold. Only one of those is a plan four home. **PB**



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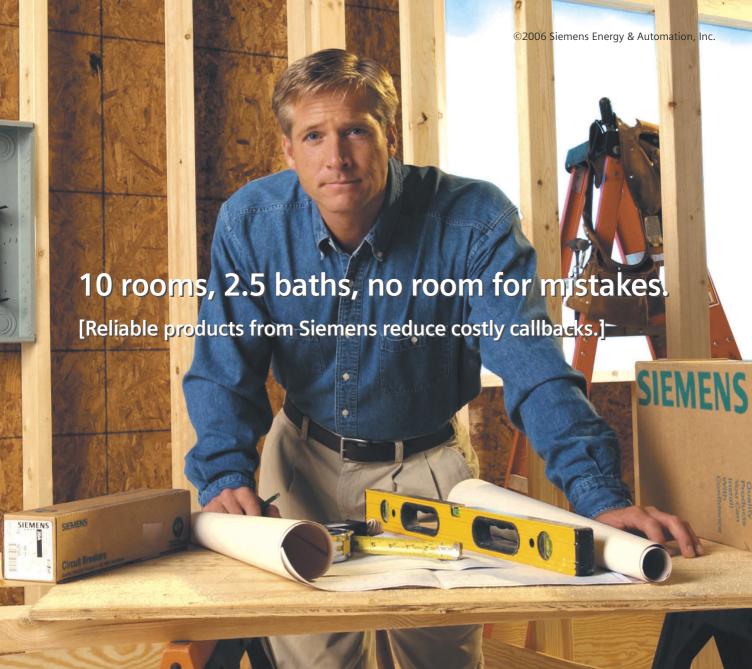
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Proactive Solutions

>> INDOOR AIR QUALITY

Something's in the Air

Builders with a proactive approach to IAQ can provide healthy and comfortable homes to their buyers at an affordable cost.

Much news has been made in recent years of mold and other toxic substances getting into homes and making residents sick. As a result, home builders need to be keenly aware of how the construction process can affect the indoor air quality in the homes they build. If builders use good construction techniques, pay attention to detail and plan ahead, they are more likely to build homes where the air is healthy, safe and comfortable for its inhabitants.



IMPROPERLY SEALED DUCTWORK and cracks in walls, floors, ceilings and windows can cause air leaks, allowing outdoor pollutants to infiltrate and compromise indoor air quality. Proper insulation, seen here, can seal up these openings without adding volatile organic chemicals like formaldehyde to the indoor air environment.

According to the EPA's "The Inside Story: A Guide to Indoor Air Quality," people spend approximately 90 percent of their time indoors. Scientific evidence indicates that air quality within homes can be worse than outside air quality in even the most polluted metropolitan areas. So homes with poor indoor air quality pose a serious healthy risk for many people.

The primary causes of poor indoor air quality are pollutants that infiltrate the home from the outside and those that emanate from materials within. Poor ventilation compounds the problem by trapping bad air inside and keeping fresh air out.

Builders can anticipate possible compromises to indoor air quality and be proactive in preventing them.

"The first thing [builders] need to do is control the sources of pollution," says Asa Foss, a building science expert with PATH.

Builders need to make sure they are constructing a tight building envelope. Outdoor air flows into homes through openings and cracks in walls, floors, and ceilings, and around windows and doors. Improperly sealed ductwork will also cause air leaks.

"Builders have gotten very good at chasing those leaks ... and energy losses during the construction process," says Dana Bres, a research engineer at PATH.

Two major areas where contaminants get into the home are through attics and crawlspaces.

"Those two areas have very large amounts of dust and very uncomfortable temperature and humidity levels," says Foss. "They often have high levels of fecal matter from rats and insects and things like that. They're really not healthy spaces to be in. Avoiding any airflow or air exchange between those two places is an absolute must."

Other areas of concern are combustion closets where water heaters, furnaces and other gas-fueled appliances are often housed, and attached garages. If airflow is allowed between them and the indoor living space, unhealthy amounts of carbon monoxide can seep into the home.

"Make sure you have an effective air barrier between the garage and adjacent spaces so there's no exchange of air," says Stan Gatland, manager, Building Science.

"You want to maintain a neutral pressure between the two spaces, or if the pressure is slightly positive, you'll want to make sure the exchange is from the inside to the outside, not from the outside in."

Proactive Solutions

"You have to design your home so that you're not pulling combustion products back into the house," says Gatland.

When several types of combustible equipment are running simultaneously in a home with insufficient ventilation, there may not be enough ventilation outlets to allow all of the appliances to exhaust freely, according to Gatland.

"In this scenario of competing fans," Gatland says, "the strongest fan wins. The equipment with the weakest fan can cause a backdraft of combustion products like carbon monoxide or smoke to escape into the house."

A combustion closet should have a vent that leads to the outside. To avoid backdrafts, builders should install appliances that use direct vent combustion.

Materials used in the building of homes — paints, finishes, carpets, cabinetry or other furniture made of certain pressed wood products - have chemical compounds that can vaporize into

the air. These are called volatile organic chemicals, or VOCs.

"Essentially every product in a home off gasses a certain amount of VOCs," says Foss. "Some do it much more than others."

But many of these products are now manufactured with low or no VOC options.

"They all will cost a little bit more," says Foss," but they are very easy substitutes.

An important and well-known indoor air contaminant is mold.

"To control mold, you have to control moisture," says Foss. "Most builders know this and they do it reasonably well. They pay a little special extra attention to making sure that there's a good drainage plane on the exterior walls.

"Building overhangs would be very beneficial, because they keep the water from hitting the walls and possibly getting moisture into the home. ... Make sure that gutters and downspouts keep water at least three feet away from the home."

Foss suggests that builders might also want to replace mold resistant gypsum for drywall on bathroom walls.

Too Much of a Good Thing

The fact that today's homes are more air tight than ever can cause problems. If a house does not get enough fresh air, pollutants can build up to unhealthy levels.

"If the home is too tight, then what you need to do is induce mechanical ventilation," says Bres.

The EPA, in the publication referenced on page 103, says a range of ventilators can be used — anything from outdoor-vented fans that intermittently remove air from a single room, to air handling systems that use fans and duct work to continuously remove indoor air and distribute filtered and conditioned outdoor air to strategic points throughout the house.

Installing a mechanical ventilation system at the design and construction phase is not particularly expensive.

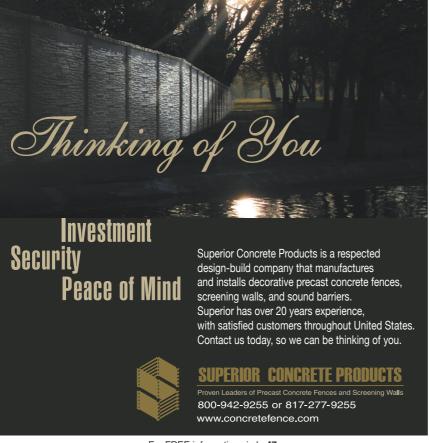
"As a retrofit, it gets a whole lot worse," says Bres. "Obviously coming back and fixing something later is always more expensive than doing it during construction."

Consult With the Experts

"Builders should work with their heating and ventilating contractors and ask questions," says Bres. "Don't accept the fact that we're doing it this way because this is the way we did it last year. Ask questions. How can we make the system better?"

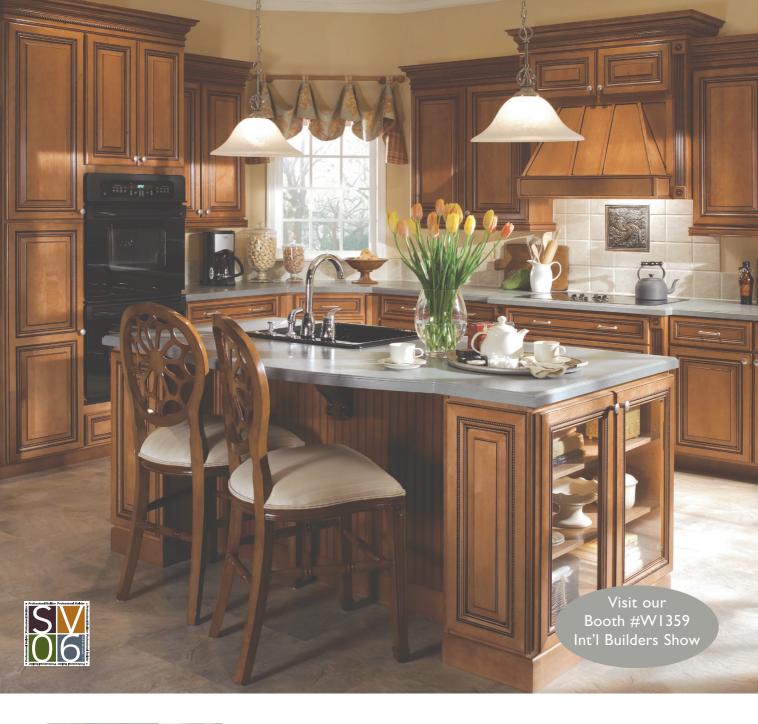
Planning ahead is the most cost efficient and effective way to insure indoor air quality.

"That's the key to it all," says Foss. "If you think of things first, they're going to be very easy things [to implement]. And there are going to be improvements not only in the indoor air quality, but in the durability of the home and the energy efficiency." PB



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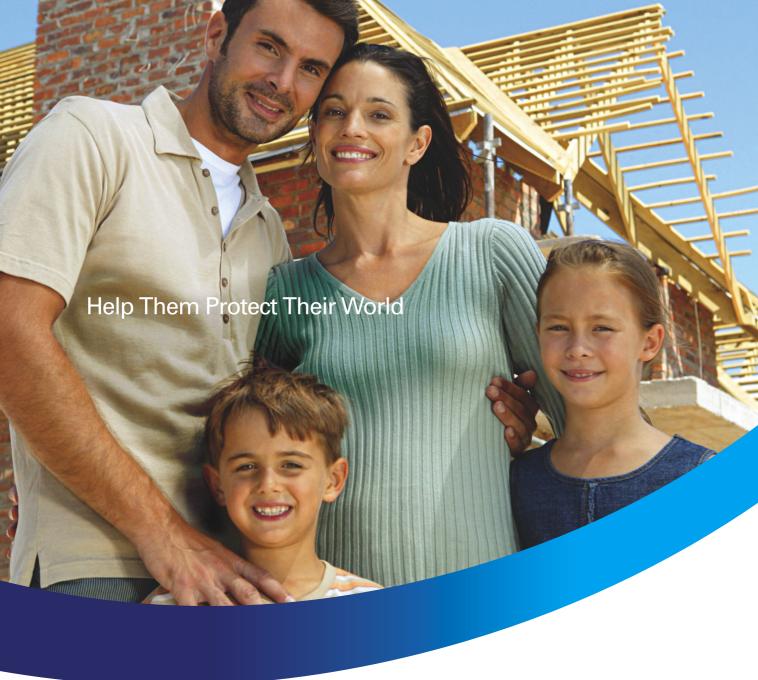
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O APPLICATIONS: STEEL VS. WOOD

To Steel or Not to Steel

This month, we tackle the debate of steel framed homes versus wood framed.

For many home builders, wood framing is standard protocol when framing a house. It's durable, it's easily available and it has history in the residential building industry.

Enter steel framing. Although used in construction for more than 50 years, steel framing is new to many sectors and regions in the residential construction market.

As officials call for stricter building codes, many builders are left wondering: Steel versus wood — Which one do I use? *Professional Builder* breaks it down for you in the following list:



STEEL WOOD

Usability	Can be bolted, sawn, drilled, nailed and even attached with construction adhesives.	Can be bolted, sawn, drilled, nailed and attached with construction adhesives.
Cost	The material price of steel is comparable to the cost of wood. Steel framing materials are lighter than wood and require less fuel to transport.	Because of various environmental concerns, the price of wood fluctuates greatly. As a combustible material, wood is not subject to the same cost advantages as steel in builders risk insurance, or course of construction insurance.
Applications	Applications for steel in residential structures include steel-stud framing for load-bearing and non-load-bearing applications.	Wood is used throughout most residential structures including framing for load-bearing and non-load-bearing walls, roofs, interior paneling and decks.
Dependability	Because steel studs are manufactured, they tend to stay straight and true. Steel has a high strength-to-weight ratio. Because steel is an inorganic material, it will not rot, warp, split or crack. The material quality is consistent and is manufactured in accordance with national standards, with no regional variations. Steel does not absorb water, or change shape or size with changes in humidity. These inherent qualities make it resistant to mold, moisture and termites.	Because of its ductile nature, wood can withstand high wind and seismic events. Engineered wood is manufactured to strict performance standards and undergoes a number of tests related to glue bond, strength and durability.
Maintenance	Wall, roof and or floor cavities must remain dry. This can be achieved with proper insulation and building envelope construction, and proper plumbing installation.	A wood-framed home must be termite- proofed. Otherwise, maintenance of wood and steel structures is identical

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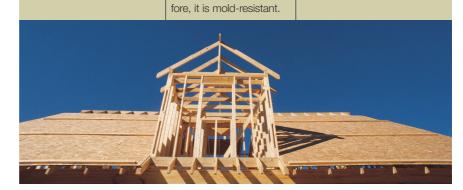
Innovations

>> APPLICATIONS

STEEL

WOOD

Usage and Handling	Member lengths are limited by shipping and handling considerations. It can be pre-cut and bent into assemblies for construction of wall, roof and floor panels.	Wood is placed in a kiln and dried to a measured 19 percent before it is shipped to the lumber yard by rail car, or trucks, and often stored outdoors under an open roof or plastic covering.
Strength	If added strength is needed, thicker, or higher-yield strength steel can be used for fabrication. Additional fastening methods, such as rivets and welding can be used, and in some applications, fastener-less technology such as crimping and clinching is used to attach steel members together.	Wood has a high strength to weight ratio and is easily shaped and molded. Wood accepts all manner of fastening systems and tools to shape, cut and bend.
Fire safety	Steel is non-combustible; it does not burn nor contribute fuel to the spread of a fire.	Although wood studs are treated with fire-retardant chemicals, it is still highly prone to burning in a fire.
Special Requirements	Requires special metal- cutting blades for circular saws. Rather than con- ventional nails, pneumati- cally driven fasteners called pins, must be used.	Does not requires special cutting blades. Can use conventional nails and adhesives to join pieces together.
Green Factor	Steel is a zero-emission product. It does not absorb moisture; there-	Wood is renewable, recyclable, biodegradable.





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Storm-Resistant Roofing

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It only takes a moment for a hurricane or tornado to peel the roof off a house. And once the roof is incapacitated, the house is a sitting duck for further damage, if not total destruction.

Your best defense: fasten the roof securely to the house and include multiple layers of moisture protection.

Following are PATH's recommendations for achieving storm resistant roofing:

■ Build a Moderately Pitched Hip Roof. Because mid-range slope roofs withstand strong winds better than steep roofs, keep the roof pitch below 6/12 and greater than 4/12. Flat roofs increase uplift forces on the overhang and are more prone to leaks.

"We encourage people to stick with hip roofs," says Dr. Claudette Reichel, a housing specialist for the LaHouse, a demonstration house showcasing energy-efficient and disaster-resistant construction in Baton Rouge, La.

"Hip roofs are inherently more aerodynamic and wind-resistant than gables. In addition, they are better because there will be an overhang to shed water away from the walls as well as shading windows."

Gable ends are particularly prone to storm damage, so it is better to avoid them altogether. But if you must have them, use a nailing pattern of 8d ring shank nails at 4 inches on center for any panel adjacent to a gable end and add diagonal bracing of the gable wall to the attic floor.

■ Use OVE structural members for roof truss components or engineered wood girders. Pre-fabricated roof trusses allow for much faster installation than trusses built on site. Prefabricated trusses are just as strong as solid wood beams and they save lumber because they are typically spaced on 24-inch centers and fabricated with 2 x 4's and 2 x 6's. If roof trusses aren't available or appropriate for your project, use engineered wood.

Tie hurricane straps to load-bearing components. If you install hurricane straps on non-load-bearing lumber, you'll do nothing to increase the disaster resistance of the house. Tie them to load-bearing walls or bracing instead. Use hurricane straps that wrap over the top of the roof truss or rafter per Fortified...for Safer Living standards (www.IBHS.org). Each part of a wall assembly should be strapped together or anchored from the foundation to the roof to provide a continuous load path,

effectively connecting the roof to the foundation.

Add Baffled Ridge and Soffit Vents. Minimize the number of penetrations in the roof for added protection. Throughthe-roof penetrations, like attic vents, can blow off in high winds, providing a hole for water entry. Baffled ridge vents prevent airflow and wind-driven rain from entering the attic through the ridge vent. Select soffit vents with perforations that are concentrated near the outer edge to minimize the area that wind-driven rain can enter. They will cost about the same as vents with uniform perforations. To withstand storm-force winds, it's best to use plywood or fiber-cement soffit materials and attach them securely to framing. A lumber baffle securely installed over the wall framing inside a soffit will greatly reduce water entry into the attic, but it must be able to withstand strong air pressure.

■ Extend facia board to terminate below the underside of the soffit. An effective overhang design extends the fascia board below the underside of the soffit by building the fascia out of a IX6, instead of the standard IX4. This creates a drip edge so that buffeting winds do

not drive the rain across the soffit surface and into the eaves. The added cost to implement this recommendation is the difference between the price of 1x4's and 1x6's.

Securely attach roof decking. Use roof sheathing with a minimum thickness of 19/32 inches for added strength in high-risk, high-wind zones. Thicker sheathing can also offset sensitivity to overdriving. Use a nailing pattern of 8d ring shank nails at 6 inches on center. Do not attach with staples. Make sure that sheathing is properly spaced, allowing a 1/4-inch gap between sheets for thermal expansion. H-clips can provide this spacing, while adding strength to the horizontal connections.

Also consider using grid-marked panels, which make it quicker and easier to install sheathing. They cost about \$0.85 more per 4-foot x 8-foot panel, but are likely to save more than that through quicker installation with fewer mistakes.

"Our crew said that the grids were helpful because they didn't have to measure and do chalk markings," said Reichel.

■ Tape sheathing seams. Roof coverings and underlayment can blow off in high winds, in which case the roof decking can act as a water and wind barrier if the seams have been taped with a self-adhering asphalt/rubber (modified bitumen) tape that is at least 4 inches wide.

As an alternative, consider applying a peel and stick roof membrane product over the entire roof deck. These products

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are widely used in roof valleys, and provide excellent protection from water intrusion if the primary roof covering is damaged. If you use the membrane, other underlayment is not required, but you must vent the attic or add rigid insulation over the roof decking in most climate zones to prevent winter moisture problems. This underlayment costs about \$700 to \$1,000 more than standard roofing felt for a 2,400-squarefoot house.

■ Install underlayment correctly. Install underlayment per manufacturers' specifications with approved fasteners. Roofs with a slope of less than 4/12 require two layers of approved #15 felt underlayment or a continuous peel and stick membrane underlayment. All underlayment rows should overlap at least 4 inches. A single layer of #30 felt may be used on higher sloped roofs.

For optimum protection, use a high-performance, tearresistant synthetic felt. An uncovered underlayment by Grace Tri-flex 30 withstood both Hurricane Katrina and Rita on the LaHouse, which was still under construction when the storms hit. All other roofing felts in the area were shredded.

■ Use proper flashing and starter strip techniques. Install flashing wherever there is a change in surface plane or cladding material. It serves the dual purpose of channeling water runoff during storm events and providing a second level of water intrusion protection.

Flash roof edges with a shingle starter strip (with tabs cut off or special adhesive starter strips) or a self-adhering ice and water barrier membrane. Do not use an upside down shingle as the starter strip. Apply a drip edge to all roof edges (including rake). Ensure that asphalt and fiberglass shingles overlap the drip edge strip by at least 1/2 inches to 3/4 inches. Meticulously follow building code and roof cladding manufacturers instructions.

- Install a wind- and impact-resistant covering. Select appropriate wind- and impact-resistant roof coverings and install per the manufacturer's instructions. Rated wind- and impact-resistant asphalt shingles, and standing-seam metal roofs are good choices for storm resistance. Make sure that they meet the standards for wind resistance (ASTM D 3161 enhanced or UL 2390) and impact resistance (UL 2218). In warm climates, specify light-colored or solar reflective roof coverings that absorb less heat from the sun and make the home more energy efficient.
- Use proper fastener/nailing schedules for your wind **zone.** Fastener/nailing schedules tend to change with the product and wind zone, so pay specific attention to these details. Consult the manufacturer's specifications so that fasteners are installed to the proper embedment depth into framing members or sheathing. Be aware of the depth that you set your automatic tools. In high-wind zones, increasing the frequency of fasteners from four to six per shingle will also increase the wind-resistance rating. **PB**



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In My Own Words

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In My Own Words

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In My Own Words

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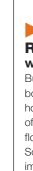
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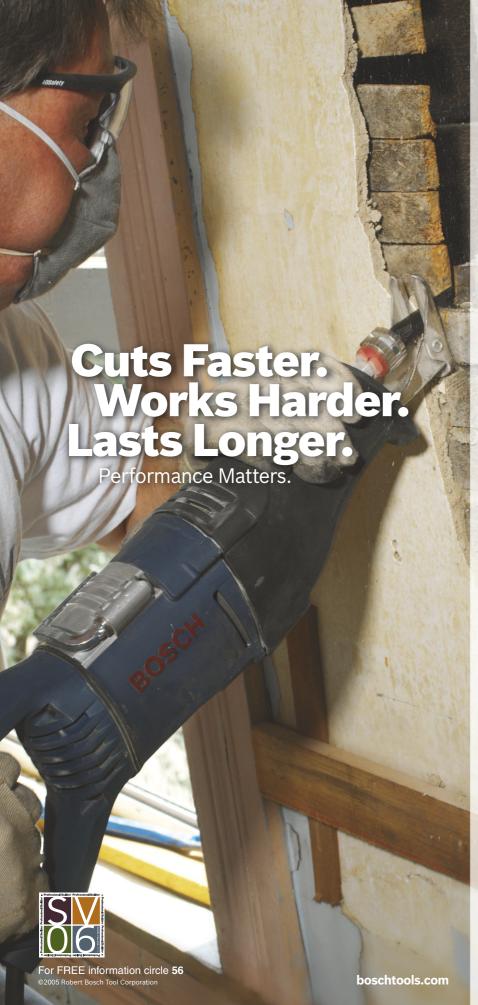
In My Own Words

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In My Own Words

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BS Product Review



Crown Heritage

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for drilling the fittings for the system. No glue or no sanding is required. www.crownheritage.com

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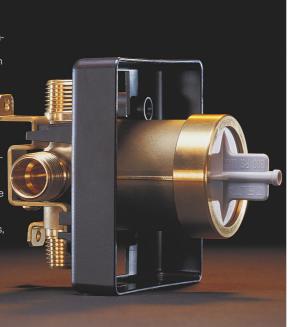




Delta Faucet Company

A new tub/shower valve system from Delta Faucet simplifies installation by permitting functional and stylish trim changes without having to change the valve in the wall. The new MultiChoice Universal Valve offers three function options: single- and dualfunction pressure balance, as well as a new dual-function their mostatic valve cartridge. Delta offers the ability to install both pressure balance and thermostatic cartridges in one valve. The Universal Valve works with any of the Delta Monitor pressure balance tub/showers. The MultiChoice Universal Valve allows for easy shower upgrades, eliminates the wrong valve from being installed and uses existing Delta brand trim packages. www.deltafaucet.com

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NanaScreen

The NanaScreen is an operable insect screen system. These collapsible, pleated, screen panels can work in tangent with the NanaWall or separately to provide clear, open views and breezes. The screens are comprised of 4-inch wide vertical cassettes that are installed on a single 1/4- inch x 1/2- inch floor track. Each panel can be ordered with full-height magnetic catches and can expand up to 4 feet, 3 inches wide and 8 feet, 6 inches tall. The screen is available in white, clear aluminum and bronze anodized framing.

www.nanascreen.com

Circle 133 on inquiry card







Omega Cabinetry

Omega Cabinetry now offers stainless steel doors. This new option is offered in either a smooth, flat recessed panel or as a glass-ready frame. The overlays have a 3-inch frame width which match the frame widths of the Mannheim, Madrid, Monterey and Monroe door styles. These doors are constructed from the same heavy gauge stainless steel used for appliances.

Omega has also added a locker cabinet to its furniture cabinet series. The locker cabinet has three storage sections with a fixed vertical, middle partition that can be extended through to the top of the cabinet. The middle section, which is ideal for hanging coats, is anchored by either a single or side-by-side drawer configuration. The entire unit has an open cavity at the bottom for shoe storage. The locker cabinet measures 36 inches wide, 80 inches tall and 18 inches deep. Doors are optional.

www.omegacabinetry.com Circle 136 on inquiry card



Yorktowne Cabinetry

Yorktowne is offering an enhanced Appliance Panel Program. This customization program allows for easy ordering of panels for the most common brands of refrigerators, dishwashers and warming drawers. The pre-engineered and pre-priced program incorporates a form that contains model numbers and panel shapes and sizes for common appliance manufacturers. Panels can be ordered in an integrated, overlay or framed style. Custom quotes are available for models not included on the form.

www.yorktownecabinetry.com Circle 135 on inquiry card



Customer Satisfaction Best Practices Roundtable

Interactive Webcast March 31, 2006 11:00am-12:00pm CST



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John Laing Homes Denver

Rich Staky, Regional and Division President, will share the strategies that led to their ranking as the #1 builder for customer satisfaction in 2005.

Centex Homes

Joe Donahoe, Divisional Quality Assurance Manager, will share the best practices for setting expectations with customers—a critical aspect of achieving high customer satisfaction. 2005 NRS Award winner.

Cambridge Isenhour Homes

Erik Froelich, Chief Operating Officer, will explain how they use thorough process documentation and procedures to ensure customers are satisfied. 2005 NRS Award winner.

Engle Homes/TOUSA Orlando

Gust Nicholson, Director of Customer Relations, who has an award winning customer service team, will explain how to develop a professional team, which sets expectations.

Sign up today at www.ProBuilder.com\webcast





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Diamond Cabinetry

Diamond has added the Mini Message Center to its Diamond Logix organization solution line. The message center has built-in key hooks, fixed shelves, metal cubby divider and a dry erase board on the inside door. The Mini Message

Center is available in all Diamond cabinet and color options and can be tacked onto the end of a row of cabinets.

www.diamondcabinets.com Circle 138 on inquiry card

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In Wall Cabinets

In Wall Cabinets offers a wine rack with a wine glass holder cabinet. These two vertically stacked cabinets can hold 12 glasses and seven wine bottles. Offered in a maple or oak wood there are six color options.

This cabinet can be ordered with or without doors or in a split-door design. There are five doors styles: plain glass; wood frame with glass, wood frame with mirror; wood frame with decorative leaded glass and wood frame with solid wood panel. Door knobs

are available in black or brass with an optional lock for security. In Wall Cabinets are engineered for installation between wall studs so no nails or screws are necessary.

www.inwallcabinets.com Circle 139 on inquiry card





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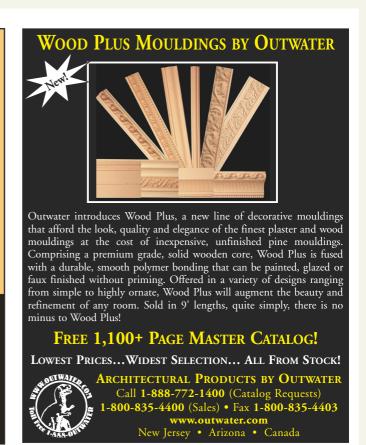


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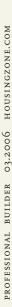


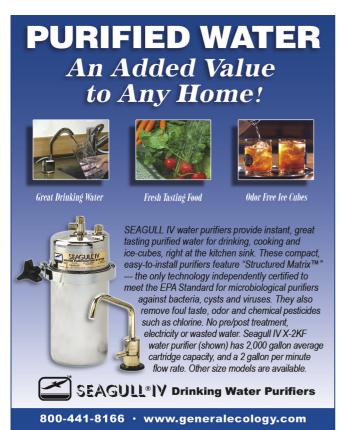


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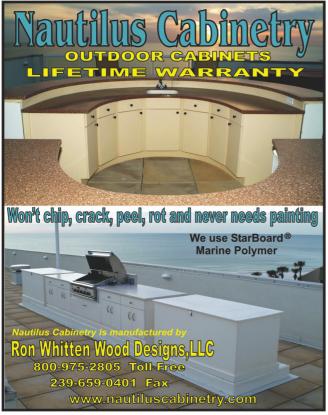


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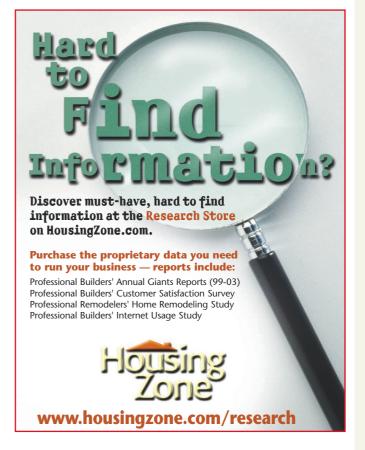
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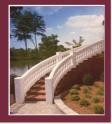












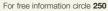


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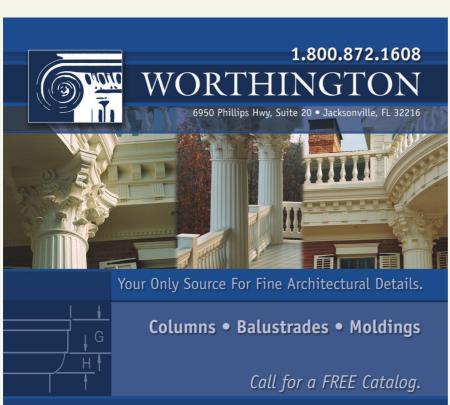
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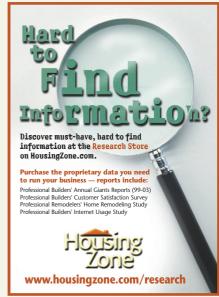
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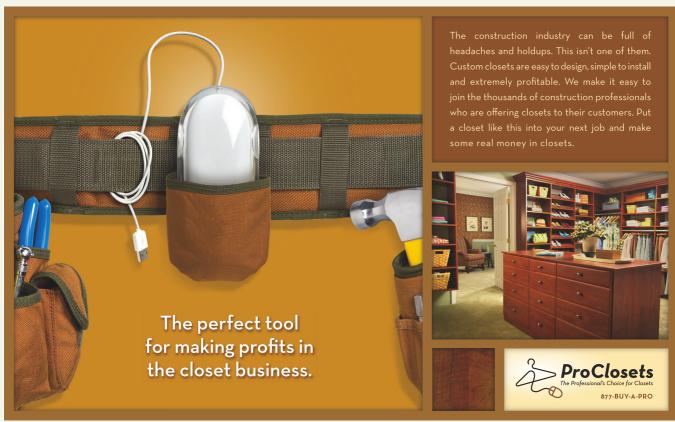






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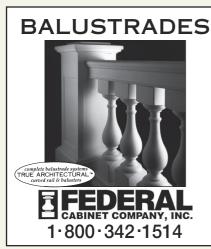
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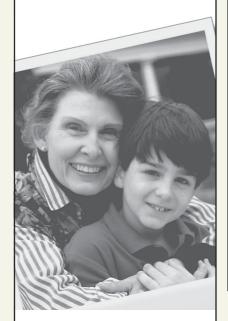
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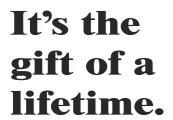






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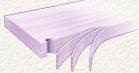
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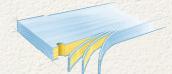




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