

JANUARY / 10

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BEST ADDRESS

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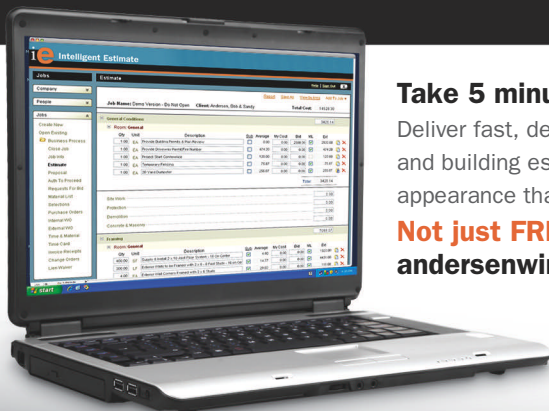
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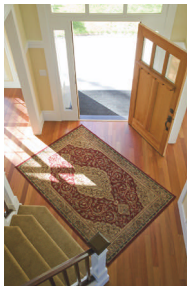
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Full written and audio transcripts of Scott Sedam's Lean Building Forum interviews can be found at [www.HousingZone.com/Lean](http://www.HousingZone.com/Lean). A condensed version of Sedam's monthly Lean Build-  
ing Forum starts on page 21.

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Send to David Barista, 2000 Clearwater Drive, Oak Brook, Ill. 60523 or e-mail [dbarista@reedbusiness.com](mailto:dbarista@reedbusiness.com)

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# Announcing the **National Housing Quality Executive Council**

*The NHQEC brings together more than two dozen of the industry's best minds, all focused on a single cause: To ensure that home builders have the information and tools they need to survive and thrive during these brutal economic times.*

If you're reading this article, there's a very good chance that you still make a decent living by building homes. If that is indeed the case, I would like to express my sincere congratulations for having been able to survive (and perhaps thrive) during what can only be characterized as the worst housing market collapse since the 1930s.

Of course, there's no guarantee that 2010 is going to be a picnic — another wave of foreclosures is headed our way and the new-home buyer tax credit program will most likely cease to exist as of June 30 — but the vast majority of builders I've connected with in the past few months believe the worst is behind them, and they're planning for flat or moderate growth this year, even with the market challenges that lie ahead.

Entering year three of the so-called Great Recession, you're probably feeling bruised and battered. We at *Professional Builder* feel your pain. To that end, we're making it our cause in 2010 and beyond to focus on delivering proven, actionable information and solutions to help your companies prosper during these difficult economic times. Consider it our New Year's Resolution.

As the backbone of this effort, we have formed the National Housing Quality Executive Council (NHQEC), a group of 25 home builders and housing consultants that are fully committed to serving the industry with practical advice concerning all crucial aspects of the home-building business. Their areas of expertise range from customer satisfaction, leadership and construction quality to sales, performance management and supply-chain management. Why the NHQEC now? Because there is no room for error in this market. Builders simply cannot afford to make a mistake.

The majority of NHQEC members are intimately involved as judges in the prestigious National Housing Quality (NHQ) Award (operated jointly by *Professional Builder* and the NAHB Research Center) — the industry's sole awards program recognizing excellence in quality

management and operations. And many are past NHQ Award winners, including Bill Saint, president and CFO of Simonini Builders (2010 winner), and Kevin Estes, owner and founder of Estes Builders (2005 and 2007 winner). The bottom line is that the NHQEC brings together

many of the industry's best minds when it comes to running a high-quality, profitable home-building business, and you can consider them among your most trusted advisors.

In the coming months, NHQEC members will deliver their keen advice through weekly blog posts at [HousingZone.com](http://HousingZone.com) and participation in articles and industry roundtable discussions. In the meantime, you can learn more about the newly formed NHQEC by visiting [www.HousingZone.com/NHQEC](http://www.HousingZone.com/NHQEC).

David Barista, Editor-in-Chief  
[dbarista@reedbusiness.com](mailto:dbarista@reedbusiness.com)

***Professional Builder's***  
cause in **2010** and **beyond** is to deliver proven,  
**actionable** information and solutions.

[ WATER CONSERVATION ]

# Water Efficiency to Play Bigger Role in Home Building

Stormwater management plans and low-flow fixtures are among the top water-conservation measures employed by home builders, according to a *Professional Builder* survey.

By David Barista, Editor-in-Chief, and Robert Cassidy, Contributing Editor

Even with the sluggish housing market and a more budget-conscious consumer base, home-building professionals expect to see increased investment in water-conservation measures in home-building and remodeling projects through 2011, according to an exclusive survey of builders, land developers and residential architects by *Professional Builder* magazine.

More than half (53 percent) of respondents to the September 2009 survey said they expect the majority of their firms' projects to employ water-saving technologies, products and systems in the next two years. In comparison, just 35 percent of respondents said their firm used water-efficient features on the majority of projects in the last 18-24 months (Table 1).  
What's driving the increased demand for wa-

## USE OF WATER-EFFICIENT TECHNOLOGIES IN PROJECTS

In the last 18-24 months, approximately what percentage of your firm's projects employed water-efficient technologies, products or systems? What percentage of your firm's projects will employ or plan to employ water-efficient technologies, products or systems?

	Used in last 18-24 months	Expect to use in next 18-24 months
None	17%	9%
Less than 10% of projects	17%	11%
10% to 25% of projects	10%	7%
26% to 50% of projects	14%	12%
51% to 75% of projects	5%	15%
More than 75% of projects	30%	38%
Don't know/Can't estimate	8%	8%

Base: 161  
Source: BD+C/Professional Builder 2009 White Paper Survey

**TABLE 1:** Based on the results of the survey, prospects are good for increased adoption of water-efficient technologies, products and systems in residential construction over the next two years. Respondents said they expect their companies to increase their adoption of water-efficient tools in the majority of projects, to the point where the majority (53 percent) said they expect more than half of their firms' projects to be using water-saving systems in the next two years.

## Principal Findings of the Survey

- Nearly half of respondents said their companies had used water-efficient technologies, products or systems in 26 percent or more of their home-building projects in the last two years, with 30 percent stating that their firms had done so in more than three-fourths of their projects.
- Nearly two-thirds said their firms plan to use water-efficient systems in the next couple of years, with 38 percent forecasting their companies would do so in more than three-fourths of projects.
- Builders were most concerned about the possible impact code restrictions or regulations, as well as general economic conditions.
- The majority of respondents said they expect water costs to increase somewhat over the next 2-3 years, with 22 percent expecting significant increases.
- More than a third of respondents reported problems in as many as one-fourth of projects.



## INTERIOR WATER-EFFICIENT SYSTEMS USED

Which of the following indoor products, technologies or services has your firm or company used in new projects or major renovations in the last 18-24 months? Which do you expect to use in the next 18-24 months?

	Used in last 18-24 months	Expect to use in next 18-24 months
High-efficiency showerheads (2.0 gal/min or less)	70%	81%
High-efficiency dishwashers (10 gal or less/load)	55%	79%
Tankless water heaters	52%	71%
High-efficiency clothes washers (water factor of 7.5 or less)	49%	65%
Low-flow kitchen faucets (2.2 gal/min or less)	47%	68%
High-efficiency lavatory faucets (1.5 gal/min or less)	46%	67%
High-efficiency, single-flush gravity toilets (1.28 gal/flush or less)	43%	64%
Water metering	42%	51%
High-efficiency, pressure-assisted toilets	32%	39%
High-efficiency, dual-flush toilets	29%	58%
Dual-flush flush valves	26%	48%
High-efficiency flushometer toilets (1.28 gal/flush or less)	26%	42%
Water submetering	19%	33%
Non-water fixtures (sanitizer dispensers, UV disinfectant, etc.)	16%	31%
Water use audits	11%	24%
Graywater reuse systems (for flushing toilets, etc.)	9%	24%

Base: 139, 140

Source: BD+C/Professional Builder 2009 White Paper Survey

**TABLE 2:** Survey respondents exhibited strong adoption rates for high-efficiency showerheads (70 percent), tankless water heaters (52 percent) and clothes washers (49 percent), with even greater use expected in the next 18-24 months.

## EXTERIOR WATER-EFFICIENT SYSTEMS USED

Which of the following exterior technologies or strategies has your firm or company used in new projects or major renovations in the last 18-24 months? Which do you intend to use in the next 18-24 months?

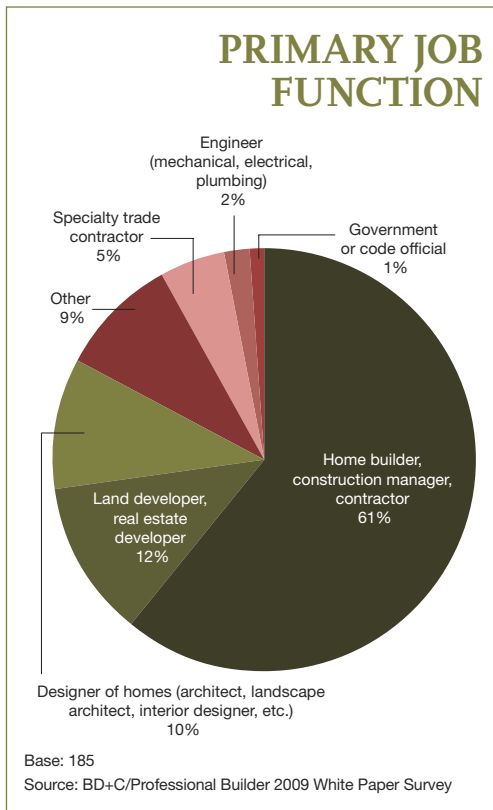
	Used in last 18-24 months	Expect to use in next 18-24 months
Stormwater management plans	73%	77%
Retention ponds	55%	58%
Drip irrigation systems	48%	55%
Low-water-use landscaping, indigenous planting	45%	60%
Pervious pavement (parking, walkways, etc.)	40%	56%
Automated irrigation systems (including evapotranspiration sensors, soil moisture sensors, weather-based systems, etc.)	40%	55%
Pressure-reducing valves (for landscape irrigation)	36%	45%
High-efficiency irrigation systems	30%	49%
Rainwater harvesting/retention systems (for outdoor use, e.g., landscape irrigation)	26%	45%
Bioswales	23%	33%
Low-impact development ("LID")	23%	31%
Turf reduction programs	22%	37%
On-site wastewater treatment systems	22%	26%
Rain gardens	16%	33%
Green (vegetated) roofs	11%	20%
Artificial turf	9%	16%
Municipally provided recycled water systems ("purple pipe")	8%	19%
Rainwater reuse systems (for indoor use, e.g., flushing toilets)	5%	20%

Base: 131, 132

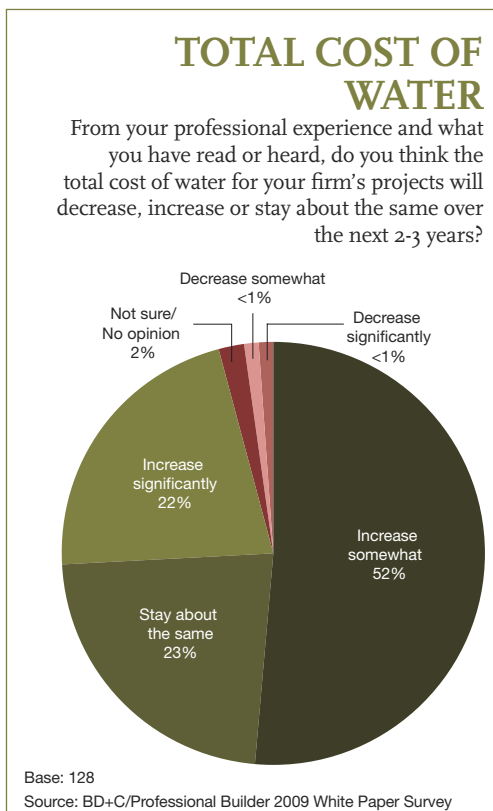
Source: BD+C/Professional Builder 2009 White Paper Survey

**TABLE 3:** Among respondents to the survey, stormwater management plans (73 percent) and retention ponds (55 percent) scored highest; these are often mandated by local codes or permit requirements. Planting low-impact vegetation and using more efficient landscape irrigation systems also scored well.

**CHART 1:** More than three-fifths (61%) of survey respondents identified themselves as home builders, accompanied by a spread of developers (12%) and designers (10%).



**CHART 2:** The majority of respondents said they believe the total cost of water for their firms' projects will "increase somewhat," with more than one-fifth (22 percent) predicting it would "increase significantly."



ter conservation in home-building projects?

The desire to reduce water and energy costs, including sewer and wastewater charges, is the biggest factor cited by survey respondents. Two-thirds of builders mentioned water- and energy-cost reductions as reasons for employing water-saving measures, while 54 percent said environmental stewardship was a key driver. Other reasons cited by respondents include: code restrictions and requirements (38 percent), avoiding current/future water shortages (34 percent), green-home certification (33 percent) and government regulations and standards (30 percent).

"Green-home building is here to stay," said one survey respondent who is the president of a Texas home-building company. "High-performance houses help the environment as well as the end user of the home."

Other respondents, including this Boston-based builder, said the demand for water-efficiency measures is being driven primarily by compliance requirements: "The government regulatory agency has already restricted use of water, particularly for irrigation on new projects. This has impacted us directly and forced us to reduce [the use of] turf and increase [the use of] native species that will not require irrigation after they take hold."

Naturally, the added cost for implementing water conservation measures is a major concern among respondents. As one residential developer put it, "We are conscious of environmental factors when we develop, but we also must balance the costs of the projects with the costs of the green features we want to use. It ain't easy."

"People aren't very interested in anything that costs them more initially," said the president of a building company in Wyoming. "Almost all efforts at conservation or efficiency take a sales effort." Said the CEO of a Missouri home-building company, "Rarely have we found that people are motivated to 'do the right thing' unless it affects their pocketbook."

Another respondent said eventually builders (and buyers) won't have a choice of whether or not to go green. "While green building sounds great, ultimately local municipalities will remove the incentives and



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## Methodology

In September 2009, Professional Builder teamed with its sister publication, Building Design+Construction, to conduct an online survey among 10,000 Professional Builder subscribers to determine their opinions, perceptions and actions relative to water issues. The results were published in BD+C's November 2009 "Green Buildings + Water Performance" white paper (Download the full report at: [www.BDCnetwork.com/contents/pdfs/bdc-090411whitepaper\\_optimized.pdf](http://www.BDCnetwork.com/contents/pdfs/bdc-090411whitepaper_optimized.pdf)). The sample was selected from all qualified recipients of the magazine who had provided email addresses when subscribing. Each of the first 50 respondents received a \$25 Amazon gift certificate.

make the guidelines mandatory, thereby increasing the cost to developers and builders and ultimately the homeowners," he said. "Ironically, they will be the same people who cry about the lack of affordable housing stock."

### Hopping on the technology bandwagon

The majority of survey respondents said their firms are already implementing a broad array of water-efficiency measures on their projects to achieve water-reduction goals — on average, between 10 and 11 water-efficiency strategies. Moreover, they expect their firms to employ a greater number of measures in the next two years (between 14 and 15 strategies, on average).

Low-flow showerheads, high-efficiency dishwashers and tankless water heaters are among the most commonly specified "interior" water-efficient technologies, followed by high-efficiency clothes washers, low-flow faucets and high-efficiency, single-flush gravity toilets. Dual-flush toilets and water-metering devices are among the interior technologies that are gaining popularity with home builders (Table 2).

When it comes to "exterior" water-saving measures in home-building projects, it's no surprise that stormwater management plans and retention ponds are the most commonly specific strategies, given that these measures are often mandated by local codes or permit requirements. Drip irrigation systems, low-water-use landscaping and pervious pavement were also cited by respondents as popular strategies. Automated or weather-based irrigation systems and rainwater harvesting/retention systems are among the exterior water-saving strategies that are gaining popularity (Table 3).

Despite the widespread adoption of water-saving technologies and strategies, both builders and buyers are drowning in greenwash, according to several respondents, making it difficult to choose products that are both cost-effective and functional. "Due to our current economy, selling a home that costs 20 percent [more] due to the implementation of so-called 'green' products is a difficult sale," said one respondent. "I strongly believe that some organization needs to honestly evaluate and certify all of these 'green' products." **PB**

## USE OF GREEN BUILDING CERTIFICATION PROGRAMS

Which of the following green building certification or specification programs have you or your firm employed in building projects in the last 18-24 months? Which do you expect to use in the next 18-24 months?

	Used in last 18-24 months	Expect to use in next 18-24 months
National Green Building Standard (NAHB)	29%	66%
LEED for Homes (USGBC)	22%	46%
WaterSense Product Labeling Program (EPA)	17%	47%
Green Globes (Green Building Initiative)	10%	32%
LEED for Neighborhood Development	10%	29%
Environments for Living (Masco)	5%	16%
GreenPlumbers Accreditation	1%	11%
WaterSense Water-Efficient Single-Family New Home Specification (EPA)	-	45%

Base: 156, 158

Source: BD+C/Professional Builder 2009 White Paper Survey

**TABLE 4:** NAHB's National Green Building Standard drew the largest response among respondents. At the time of this survey, the WaterSense New Home Specification had not been published, but 45 percent of respondents expressed interest in using it as it becomes available.



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[ HOUSING STIMULUS ]

# No Time to Waste

**NEAL COMMUNITIES** is among the many home builders that are ramping up operations to take advantage of the extended and expanded home-buyer tax credit. CEO Pat Neal expects sales to be 20 percent higher than 2009 — no mean feat in southwest Florida. Shown here is Forest Creek in Parrish, Fla.

*Photo: Perry Johnson*

Builders should be fully prepared to take advantage of the home-buyer tax credit now because Congress has made it clear that no more stimulus money is forthcoming.

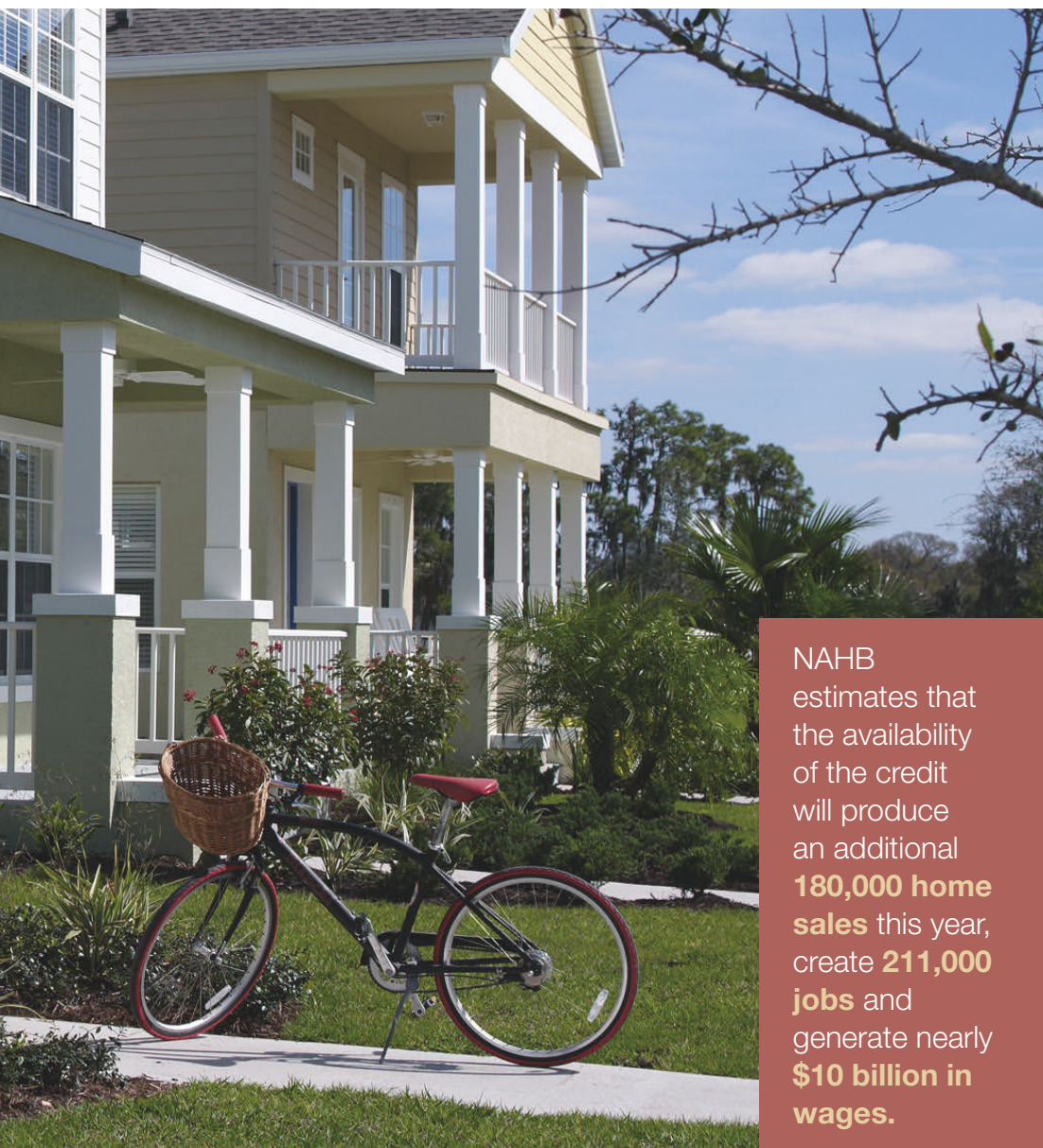
**By Pat Curry, Contributing Editor**

**W**hen Congress extended and expanded the home-buyer tax credit last November, Pat Neal was ready for it. The CEO of Lakewood Ranch, Fla.-based Neal Communities ramped up his operations. His staff listed 68 spec homes that will be completed and ready to sell by the June 30, 2010 closing deadline, started an additional six spec homes and began working on a production line for 24

more houses. Neal beefed up his purchasing and accounting staff, and has four people in his land department “reaching out for bargains everywhere.” He also added another superintendent to make sure the houses get done in time to meet the deadline.

“We think that will be the limiting factor,” Neal says. “We think we’ll be able to sell more homes than we can complete by June 30.”





NAHB estimates that the availability of the credit will produce an additional **180,000 home sales** this year, create **211,000 jobs** and generate nearly **\$10 billion in wages.**

The impact of the tax credit could be substantial. The National Association of Home Builders (NAHB) estimates that the availability of the credit will produce an additional 180,000 home sales this year, create 211,000 jobs and generate nearly \$10 billion in wages.

But with the extension and expansion of the tax credit, Congress has made it clear that the housing industry shouldn't expect any additional stimulus money from the federal government. No more extensions, either. With the exception of active military personnel serving outside the United States, first-time and existing home buyers need to sign a contract on a home by April 30, and close on the sale by June 30.

"This is it," says Robert Dietz, NAHB's assistant vice president for tax and policy issues. "People need to take that deadline seriously."

#### Marketing push

With such a short time frame, builders can't waste time or energy on anything that won't produce sales. While the new tax credit includes buyers who have owned a home for at least five of the last eight years, many builders have opted to continue focusing on the market with the best chance of closing before the deadline: first-time home buyers without a house to sell.

"We've had problems with move-up buyers the last four or five months," Neal says. "Most

## 5 Ways to Optimize Your Business For the Tax-Credit Time Crunch

1. Strive for maximum efficiency in your processes (purchase orders, construction schedules, warranty programs, etc.).
2. If necessary, redesign your product to match the needs of your target market (most likely first-time buyers).
3. Instead of rehiring everyone you laid off, outsource purchasing, estimating and other functions to handle the increase in business.
4. Turn every one of your sales associates into an expert on the home-buyer tax credit.
5. Talk to your lenders about financing to build spec homes so you can capture buyers who are in a hurry to move.

of them are stuck in their previous homes. They either have no equity, negative equity or they defaulted so they have bad credit. We are not marketing to them at this time.”

To spread the word, builders have ramped up their marketing. Royal Oaks Building

Group in Raleigh, N.C., is running a “Double Your Tax Credit” promotion, offering an \$8,000 incentive package that buyers can use for a price reduction, assistance with closing costs or upgrades.

Company President Rich Van Tassel took advantage of a late cancellation to get the cover and two inside pages of the local new-homes guide for January and February. He’s also produced a 30-minute weekly cable show and added a marketing manager to his staff.

“We’re trying to jump-start our year, using the catalyst of the tax credit,” Van Tassel says.

## Put Cash in Your Pocket With the NOL Carryback

AT THE PEAK OF THE HOUSING MARKET, CornerStone Homes in Jacksonville, Fla., closed 180 houses for about \$80 million in revenue. In 2009, the builder finished about 35 homes for just over \$12 million in revenue. Managing Partner Mark Downing says he’s planning to take full advantage of the tax-law change in the stimulus package that allows him to carry back net operating losses up to five years.

“I paid taxes in previous years and I’m applying for the carryback,” he says. “I’m looking forward to getting that check.”

Before the new law went into effect, only builders with an average of less than \$15 million in gross receipts could apply for the carryback, and then only for a period of two years. Now, that cap has been removed and the carryback period has been extended. The national builders are projecting massive refunds, but they’re not the only ones who should consider filing an amended return.

If you had operating losses in 2008 or 2009, particularly if you didn’t qualify for the stimulus package passed in February 2009, talk to your accountant to find out how to get the refund.

“If you remember, 2003, 2004 and 2005 were huge taxable income years for builders,” says Steve Hays, CPA and partner in charge at the RubinBrown Home Builders Services Group in St. Louis. “They paid substantial tax. [The carryback] can provide immediate cash. That will be huge.”

The law doesn’t require going back five years; if you paid more taxes three years ago, you could apply your loss against that year instead.

“You could go any year in between,” says Bill Norwalk, head of the real-estate construction practice at Fremont, Calif.-based CPA firm Sensiba San Filippo. “You’re trying to put the most money possible back in your pocket.”

While the prospect of receiving a very large check from the Treasury Department is exciting, Hays and Norwalk both point out that any amount above \$1 million virtually assures you of being audited.

“You have to go in with your eyes open and know that it’s a possibility that the IRS might disallow some of it,” Norwalk says. “But it doesn’t make sense not to claim it. I have a client who is going to get \$2 million and yes, he’ll get audited, but it’s an expense he’s willing to incur.”

Hays says that since the refunds can show up within two to four months after filing the return, it’s well worth the investment to file for the refund as soon as possible.

“These are things to do now rather than later,” Hays says. “It’s providing some working capital at a very important time.”



Mark Downing

## Expert advice

Marketing, of course, will only take a builder so far. The sales staff needs to be well-versed in the particulars of the tax credit to be able to explain it clearly to prospective buyers.

“People prefer to do business with an expert,” says new-home sales educator Myers Barnes of Myers Barnes Associates, Kitty Hawk, N.C. “A confused buyer who feels disoriented regarding the rules cannot buy.”

Barnes’ advice is to “turn every salesperson into an expert.” He recommends using the information available on the NAHB’s tax-credit Web site, [www.federalhousingtaxcredit.com](http://www.federalhousingtaxcredit.com), to create a fact sheet about the credit.

NAHB’s Dietz strongly encourages builders to make full use of the Web site. “It’s the most authoritative site out there,” he says. “There’s no need to recreate the wheel. Link to it, cut and paste from it. The industry needs to use it more.”

Glenn Tatangelo, owner of The Woodland Group in Trumbull, Conn., says that his sales associates not only are trained to discuss the tax credit, but also to help buyers who think they can’t qualify for a mortgage.

“We say, ‘Let us find out for you,’” Tatangelo says. “I want to make sure we have constant communication and walk them through the appraisal and financing processes.”

## Systems check

Any sales and marketing push needs to be preceded by a capability to deliver homes to prospective buyers by the deadline. Lot-buying activity has quickened in the last few months in several markets, but builders shouldn’t have trouble lining up finished lots at attractive prices.





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es or finding trade contractors to handle the increased volume. Builders should take some proactive steps to get permits pulled, says Steve Hays, partner in charge at the RubinBrown Home Builders Services Group in St. Louis.

Hays also recommends that builders talk to their lenders about funding to build specs. "If you don't have specs, you're going to miss the market," he says. "At this price point, a lot of people don't want to wait to have a house built. And if a move-up buyer does sell their house, they want to buy something now. If you don't have anything available, you're going miss a sale."

Nationally known business consultant Chuck Shinn, president of the Shinn Group in Littleton, Colo., cautions that for most builders the biggest challenge to taking advantage of the tax credits will be re-implementing the systems that have been shelved since the market collapsed. These include purchase orders, warranty programs, construction schedules and contract arrangements with trade contractors.

"Builders need to go back to processes and procedures and become really efficient at what they're doing," says Shinn. "They probably need to select a couple of communities to focus on, and they may need to change product."

That product has to match the needs of the targeted consumer: the entry-level buyer who has been living in an apartment. "There's some pretty decked-out two-bedroom apartments," he says.

The one thing Shinn doesn't recommend is re-hiring a lot of staff. There's no guarantee that the flurry of activity from the tax credit will continue after it expires — and most builders have streamlined their operations to make do with less overhead anyway. It's a lesson that Pat Neal has learned, and he has no plans to bring back staff.

"I'll be back at the same production level in 2010 as in the summer of 2005, with 40 percent less employees," Neal says.

To accommodate the increased activity, Shinn recommends outsourcing such functions as pur-



"I'll be back at the **same production level** in 2010 as in the summer of 2005, with 40 percent less employees." — Pat Neal

chasing, architectural plans, estimating and selections. "Builders ought to look at that instead of hiring people, which is sticky overhead that's hard to get rid of," he says. "It allows a small builder to play the game like the publics. If they take advantage

of some of this, they can look like a huge builder with really talented people and still be a small operation."

#### Life after June 30

The question in the back of everyone's mind, of course, is what will happen after the tax credit expires. Shinn points out that the two largest buyer demographics are baby boomers who are downsizing and 20-something Millennials who are first-time buyers and want smaller, more open plans.

"It will be a very interesting market," he says. "Prepare yourself for the resurgence. We've bottomed out; we're going to come back. Hopefully this stimulus leads us into a period of time where recovery is in place."

Neal is planning for just that scenario, and given that he's been a home builder long enough to have gone through several downturns ("I've seen this movie five times," he says) he's got history to support his plans. His current projection is to sell 379 units in 2010 — in southwest Florida, one of the worst markets in the country. That will be about 20 percent more than the company sold in 2009 (with 30 to 50 of those coming from the tax credit). Neal sees 2010 as a year to generate cash flow from land sales and to keep his people working. He anticipates a much stronger year in 2011.

"We were in survival mode in 2009," he says. "This year, we'll be in enhanced survival mode. In 2011 and 2012, we plan to make money and have fun." **PB**

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# Tampa Builder Puts Lean into Action

Scott Sedam hosts the Lean Building Forum on HousingZone.com, where each month he interviews those who are implementing the principles of lean operations in home building. This month, Sedam talks with Jim Deitch of Southern Crafted Homes about the firm's success with lean. This is a highly abbreviated transcript. For the complete transcript and audio interview, visit [www.HousingZone.com/Lean](http://www.HousingZone.com/Lean).

By Scott Sedam, Contributing Editor

**Scott Sedam:** Jim, give us a quick overview of your company.

**Jim Deitch:** We're excited about the coming year and celebrating our 20th anniversary. That's significant because in 1990 we were launching into the last downturn, so we started in this business in down times with humble beginnings. We did 17 homes the first year and have continued to grow primarily in North Tampa, "New Tampa" and Pasco County. We build upper-end, single-family detached homes and more recently luxury villas. Over the past five years we've averaged about 90 homes a year, and in 2010 we plan to build 110. We're going to continue basically with the same product line.

**SS:** It's a rare builder that didn't drop at least 50 percent in volume in the last five years, and 60 percent, 70 percent and even 80 percent isn't unusual. Why has Southern Crafted been able to withstand the onslaught, compared to most builders?

**JD:** We dropped off a bit the past 18 months, but the economists tell us that a certain number of homes will be built in the Tampa Bay area this year and many builders have closed their doors. So we have an opportunity to take that share for our size and price point. The Tampa Bay area is not a service-oriented community. There's a lot of military. There's a lot of medical and education here and a lot of businesses relocating. We have a steady and constant influx of primary buyers and with our product and price point, it's a good fit.

**SS:** So Jim, when we talk about lean methodology, what does it mean to you? What does it mean to say you're a lean builder?

**JD:** Most view lean as an approach towards efficiency; the low-hanging fruit is to reduce your costs. But really, lean is about, on a daily basis, constantly looking at your product, your processes, your company — not just what happens in the field but what happens in the business office, what happens in the sales office. It's more important today in a bad economic downturn, but we started focusing on this heavily back in 2005-2006 when the market was going crazy and I was concerned about how many dollars we were leaving on the table by not paying attention to the details. So it's really about being the most efficient and effective with limited resources, maximizing profitability.

### This month's Lean Building Forum guest

Jim Deitch is the chief operating officer for Southern Crafted Homes in Tampa, Fla. He began his career in the home-building industry 20 years ago in Orlando, after having completed three tours of duty in the Marine Corps. Deitch is a State Certified Building Contractor and currently is serving as a Builder Director with the Tampa Bay Builders Association. He holds bachelor's and master's degrees in business administration from Delaware Valley College and the University of Phoenix, respectively. When not involved in industry business, he can often be found supporting the Susan G. Komen Foundation, boating and spending time with his wife and daughter.



Scott Sedam hosts the Lean Building Forum on [HousingZone.com](http://HousingZone.com), where each month he interviews those who are implementing the principles of lean operations in home building. For the complete transcript and audio of the interviews, visit [www.HousingZone.com/Lean](http://www.HousingZone.com/Lean).



ity, maximizing quality and holding everybody accountable. It requires brutal honesty.

**SS: How many direct employees do you have at this time?**

**JD:** I wiped out almost my entire senior and middle-management team and that left us with about 24 employees including the president, myself as COO and the VP of sales. The sales team reports to the VP of sales and the balance of the organization reports to me.

**SS: When you say wiped out, was that done because of financial necessity or because these people were not good fits with the direction you were going?**

**JD:** It wasn't out of financial necessity. When I first came on board we built 95 homes in 2005 with 11 people in the construction department. Two years later we built 120 homes with three people in the construction department. Cycle times, costing and quality control were out of whack. The purchasing department was bloated. Too much time was spent looking for new contractors at a lower price as opposed to focusing on having the right contractors at the right price. There were three or four tiers of management in the construction department alone. The question was, why did we need to have managers translate the message from the executive team down to the front-line employees?

**SS: Did you also experience that with some of your suppliers and trades?**

**JD:** We had far fewer turnovers in our trades and suppliers. It was a breath of fresh air for them; 75 percent of our trades and suppliers have been here for the entire 20 years. We cherish those relationships. They appreciate our leadership. Not having all the resources themselves within their organizations, if we can demonstrate to them how they can make a better profit they will follow. If you push them around and dictate what their pricing is going to be, they will push back. I've had much greater success with the contractors and the suppliers than I've had with employees.

**SS: So your experience is that the trades are often just waiting for someone to come and show them that they are willing to work with them in a different way.**

**JD:** You put them in a room and do the price non-conformance exercise that Philip Crosby used to teach. You look at your top callback item and then you put it up there on the board and you ask [the trade contractors], line item by line item, what it costs [them] to come back and fix that callback item. Their eyes get wider and wider as you add up the costs. Then you compound that over the number of houses they do over a year, and now you've got their attention. They'll start throwing money at you at the end of the exercise. You don't just demand 5 percent off. You go to them and show them how they can save money by being smarter businesspeople and all of a sudden they want to pass the savings through to you.

**SS: Companies still send out demand letters saying "give us 10 percent or we'll kill you." You told me about one case where working with your stucco contractor got you 50 percent, not 5 percent or 10 percent.**

**JD:** Back in 1993 when I was a field superintendent, I got an invitation to join the purchasing department. The purchasing department manager said, "Why don't you come in for four or five days and watch what we do, and if you like it come on in, and if you don't you can stay out there, but this will be good move for your career." My first day there they had a memo come down from corporate to slash costs by 5 percent, so immediately they called each supplier and trade and told them they had cut their costs 5 percent by the following Monday or they didn't have the work anymore. That's the easy way to do it. [The department manager] got short-term gains and he alienated a lot of people, so while the trades rolled over to keep the business in the short term, they also immediately started looking for new accounts and in the end the purchasing department lost. I made the decision to stay in the field.

**SS: As anyone who's ever worked on the trade-supplier side knows, they have a lot of ways to get even and you can make up that 5 percent very quickly on the downside. One of the things I find remarkable is that I rarely meet a builder — probably only three or four times in the last 20 years — who was good enough to negotiate with the trades for their best specific crews.**

**JD:** My electrician has been with us for 20





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years and they do our work and they also do the largest builder in Tampa Bay. I do less than 10 percent of the volume of the largest builder and they get his worst crews and I get his best crews.

**SS: And why is that?**

**JD:** Well, we pay our bills on time. We're religious about that — if you turn your bills in you get paid in the next cycle period. No exceptions.

**SS: Does a builder ever save a dime by delaying payment to their trades?**

**JD:** No. You have to do more than just pay on time, but that's huge because the perception is that if you float the money [due to] a contractor, you're building homes on their dime. And that's not the way it's supposed to be. We get rewarded for the risk but we're relying on a lot of people for our success. We have to show them respect and not operate our business on their backs. They are a part of the team and we have to treat them like part of the team. They are smart. The best way to do business is don't play games, be honest and be partners. They won't be there for you when you need them if you're not.

"When I first came on board, we built 95 homes in 2005 with 11 people in the construction department. Two years later we built 120 homes with three people in the construction department. **Cycle times, costing and quality control** were out of whack." — Jim Deitch

**SS: Southern-Crafted is a private company and of course we respect that, but can you give us a notion about what the bottom line looks like these days?**

**JD:** I can tell you that if you were to look at Chuck Shinn's best practices, our profit margins and targets are exactly what he recommends.

**SS: That puts you in rare company these days. Could you tell readers and listeners two or three things they need to know if they want to seriously launch into lean?**

**JD:** First they need to find a mentor that can teach them if they don't inherently know or

have not been through formal training themselves. To go in blind will produce deleterious results. You can really hurt yourself more by just going into a cost-cutting mode, which is the natural way because it's the easiest way.

Lean is a cultural thing: You start with your people and your employees first. It can't be limited to the job site or the project. You have to operate lean in your office. You have to operate lean in your sales offices. This may sound silly, but you use a porcelain coffee cup instead of Styrofoam cups. That's a little thing, but it's lean because you can buy Styrofoam coffee cups every week or you can buy one porcelain coffee cup. That's sustainability, too; it ties into the green side of it, but every single thing that you do has to fall into it.

You've got to make list after list after list of what you can do better in your company; where's your overhead going. But of course the biggest things are the costs that compound themselves. So when you're out there, if you're talking about sticks and bricks, that has a compounded effect. You have your biggest impact there but you've got to teach people what this looks like. You've got to do the mathematical exercises and not run around preaching, but demonstrating. You've got to be the lean cheerleader first.

**SS: What's the biggest obstacle they will face?**

**JD:** People. This is hard because if you have one person out there that is against what you are trying to do, they're a cancer. You need to cut [that person] out because they'll make it difficult for you to make progress. Everybody's got to be moving in the same direction.

**SS: Thinking back on your experience for the last four years, is there anything you would have done differently if you could go back?**

**JD:** Yes, I would have made certain people decisions much quicker. You know, you always want everybody to come on board and believe in what you believe, but I think I could have made personnel decisions faster than I did.

**SS: But if you do it too fast, do you run the risk of losing someone who might have been good?**

**JD:** I'm particularly proud of one individual that I thought I was going to give up on. I stuck it through and that person really turned around



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# lean building forum

and has become a great asset. I mean, there's always the danger that you'll lose somebody that has the potential, but it's a balancing act. For the good of the organization, you can't wait too long. So you use your best judgment.

**SS:** So what's next? If things go the way you want them to, how would you describe yourselves in a few years down the road?

**JD:** We are in a growth mode. As we come out of this down cycle we hope to grow the company and build more homes. The challenge, as you bring more individuals into the organization and more trades and do more volume, is to maintain the culture, indoctrinating all your associates including new trade partners. It's making sure that you're able to manage by walking around to see whether what you think is happening is truly happening. Right now I'm in a position where I can see it all on a daily basis. Once you get a certain volume going it's not possible to do that on the level you would like, so there's a lot of trust involved and a lot more training and mentoring of your people. So I'm looking forward to that.

**SS:** Jim, it sounds like you're going to be around for some time to come and we'll check back with you again. You've given us a lot to

"You can really hurt yourself more by just going into a cost-cutting mode, which is the natural way because it's the easiest way. **Lean building is a cultural thing.**" — Jim Deitch

think about and we thank you for taking the time to share. For those who aren't completely familiar with how we're doing this, you'll find the complete transcript of this interview posted on [www.HousingZone.com/Lean](http://www.HousingZone.com/Lean), as well as the live audio interview. See you next month. **PB**

*Scott Sedam, host of the Lean Building Forum, is president of TrueNorth Development in Northville, Mich. He can be reached via email at [scott@truen.com](mailto:scott@truen.com). Scott's weekly blog, The Lean Building Forum, appears on [www.HousingZone.com](http://www.HousingZone.com).*

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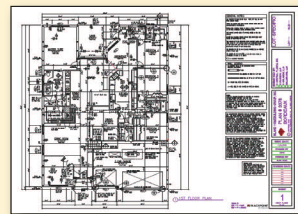
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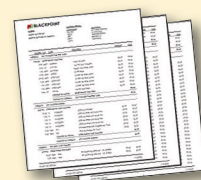
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[ TRADE RELATIONS ]

# Trade Partner Councils Reap Rewards



By Mark Jarasek, Senior Editor, Electronic Media

Do you want to improve the efficiency of your home-building business? What about reducing waste and saving money? Want to give a big boost to customer satisfaction and referrals? If the answer to any of the above is yes, then you might want to consider forming a trade partner council (TPC).

**H**ome builders that have championed trade partner councils (TPCs), and industry consultants who have helped put them together, say having one can pay off with a host of benefits for the builder, and probably even more for participating trades. They'll also tell you that it takes a concentrated effort, cooperation and ongoing dedication to make it work.

"It empowers our tradepartner base in a collaborative environment to achieve shared ob-

jectives. It builds camaraderie, shared vision and purpose," says Chip Merlin, vice president of operations for K. Hovnanian/Landover Group, Chantilly, Va. "It taps the intellectual horsepower as well as the operational experience of the entire channel that works our manufacturing line. It also facilitates trade-partner-to-trade-partner collaboration."

Merlin has been long involved with K. Hovnanian's Mid-Atlantic TPC, which is a combination of the Virginia and Maryland councils.

**TRADE PARTNER COUNCILS** that thrive can attract a large conference room full of participants, as the K. Hovnanian Mid-Atlantic TPC has proven with over 300 people attending their recent bi-annual meeting held in Bethesda, Md.

*Photo: David Scott, Hearth and Home Technologies*

The Virginia TPC was formed in 2003; Maryland's in 2005. They're still going strong (see "Fly on the TPC Wall," page 30).

Trade participation in and commitment to the concept is what can make or break a TPC. Trades that put forth the effort to make it happen discover that it has its rewards.

"Trade partner council membership affords a window into the inner workings of their client," Merlin says. "This knowledge is a powerful tool, allowing trade partners to refine their product, service and value proposition."

Serge Ogranovitch, senior partner with the Potomack Group, Locust Grove, Va., explains that the objective of a TPC is to draw the builder and trades into a mutually beneficial relationship. But as he points out, "That's often easier said than done."

## Two-way street

It boils down to the simple fact that builders and their trades and suppliers need each other to survive and grow their businesses, which has been even more challenging in today's market.

"Individually and collectively, trade partners have the expertise that builders need to build quality homes as effectively as possible and to the quality level that exceed the builders' customer expectations," Ogranovitch says.

Ogranovitch, who has helped create several TPCs, suggests that establishing trust among the builder and the trades is the key to making a TPC work

well and thrive.

"Trust, or lack of trust, comes to mind when discussing trade councils," he says. "In order for a council to be successful, the builder needs to be trusted by the trades," he says, adding that trades also need to build trust between each other.

This trust can occur, but it takes time. "There needs to be a mutual de-

sire to provide a quality product that exceeds customer expectations," Ogranovitch says. In addition, he says, quality management processes promoting "first-time quality, every time" home delivery must be embraced by both the builder and trades.

Commitment is another essential ingredient for launching a TPC and keeping it intact. Both Merlin and

## STEPS TO FORMING A TRADE PARTNER COUNCIL

WE EXAMINED THE STRUCTURE OF K. HOVNANIAN'S MID-ATLANTIC TPC, and asked Serge Ogranovitch of the Potomack Group in Locust Grove, Va., who has assisted builders in creating TPCs, to give us an idea of what it takes to set one up. Here are the main points:

- The builder and its trades/suppliers must commit to a TPC, and the trades need to run it. Builder leadership support is essential, but they must be careful not to dominate.
- Establish a board of directors. Typically the board consists of three to five members. Ogranovitch says none of the builder's staff should be board members. Get the "right people" involved in TPC leadership, ideally one senior person from each of the trades.
- Establish a mission statement of purpose for the TPC that includes principles and beliefs as well as vision statements. Establish priorities. Create by-laws that are ratified by participating trades.
- The board, council members and builder reps should hold regular meetings separately, as well as together. Example: Annually the Mid-Atlantic Trade Partner Council holds six board meetings, four "quality walks" in the field, four to six executive board meetings, an annual golf outing (very popular), a holiday party for the board and biannual meetings for all TPC members.
- Keep meetings organized and agenda-driven.
- Set goals and objectives with accountability attached. Example: Decrease callbacks by 10 percent and increase job-ready status by 20 percent.
- Set up a formal means of communication. Example: The Mid-Atlantic TPC has a member newsletter as well as a Web-based portal that centralizes information and document exchange.

Experts say launching a TPC is not easy. Unless the builder has someone on staff familiar with creating one, it helps to have an experienced consultant to assist.

## Trade Partner Council Pitfalls to Avoid

Keeping a trade council effective and intact can be a fragile proposition. Here's what to watch out for and avoid:

- Builder fails to enable and empower the trade council
- Board members miss or constantly reschedule meetings
- Low trade-contractor attendance at meetings
- Trade council is not involved in the builder's continuous improvement efforts

- Lack of intra-trade communications on the job site
- Builder is missing scheduled dates or payments
- No meetings scheduled to allow feedback between council and builder
- Lack of builder senior-management support for the council
- No recognition of trades and trade-council accomplishments by the builder



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Ogranovitch point out that if there's lack of dedication from either party, the council will become ineffective or fall apart.

"In order to put a trade council in place, the builder must make strategic management decisions that involve establishing and adhering to policies and procedures," Ogranovitch says. "They need to have made the decision to involve the trades in their continuous improvement process as a full partner, and be willing to establish a true two-way commu-

nication process."

### Benefits of a TPC

Is it worth the effort? Those who have been involved in trade councils for many years say the rewards are real. They include:

- Reduction in waste
- Reduction in expenses
- Reduction and even elimination of job-site accidents
- Improvement in production scheduling and cycle times
- Improvement in customer satisfaction

- Improvement in quality
- Delivery of homes with zero defects
- Improvement in communications and camaraderie between everyone involved in the home-building process
- Pride for everyone involved by achieving best-in-class results.

"The focus is to do something to improve yourself and your company," Merlin told a gathering of over 300 people at the most recent Mid-Atlantic TPC meeting. "Everyone walks away with something that ultimately benefits the home buyers."

## Fly on the TPC Wall: A First-Person Account

By Mark Jarasek

**K. Hovnanian invited me** to be their guest at the Mid-Atlantic TPC gathering held last November. After checking into the Pooks Hill Marriot in Bethesda, Md., the night before, I decided to watch a Chicago Bulls basketball game on the TV in the hotel bar. A gentleman sat down next to me and we struck up a conversation, soon discovering we were at the hotel for the same reason. My new buddy was Bill Hornibrook, strategic accounts manager with MasterBrand Cabinets, Sewell, N.J. Turns out he'd been involved with the K. Hov TPC for many years.

After disclosing that I was a journalist covering the event, I plied him with questions on what to expect. Hornibrook lit up with enthusiasm as he told me how great this particular TPC was. He talked about the beneficial relationships and knowledge he had gained from participating over the years. It was the perfect chance encounter as it set the stage for my now very high expectations.



**IT'S IMPORTANT** that the home builder acknowledge the contributions of trade partners and give credit where credit is due. This display of awards and a poster-sized note of thanks was set up for everyone to see at the K. Hovnanian Mid-Atlantic TPC meeting.

Photo: Mark Jarasek

### Early risers

The meeting was scheduled to start at 8 a.m. One of my hosts, Chip Merlin, vice president of operations for K. Hovnanian/Landover Group in Chantilly, Va., told me attendees like to show up as early as 6 a.m. Only half believing anyone would arrive for an 8 a.m. meeting at the crack of dawn, I decided to see for myself.

It was barely a minute past 6 a.m. when

I arrived, and there was already a long line to register. Lively networking ensued among the attendees for those two hours before the meeting commenced.

As I did my own networking, I discovered that the enthusiasm Hornibrook expressed the night before seemed to be shared by everyone there — all 300 of them. The majority were trades and suppliers, along with a contingent of K. Hovnanian reps.



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A LARGE conference room was needed to handle this crowd of trades/suppliers. Photo: Mark Jarasek

### The meeting

A side room was set up with informational displays on energy-efficient construction techniques, stormwater retention best practices and customer satisfaction surveys. Information relating to the trade council's priorities, vision, principles and beliefs was available. One display had a collection of awards that K. Hovnanian had received. A big sign above the trophies expressed thanks and gave credit to the trade partners for making a pivotal contribution toward the awards.

The theme of the meeting was "Simplification, Alignment and Execution." It was well-organized and driven by a distributed agenda that included business updates from K. Hovnanian division leaders and TPC officers, a guest speaker and a Q&A session.

I was a little surprised to hear what seemed to me like proprietary information candidly shared with the entire group. K. Hovnanian division leaders talked about business results related to home starts and deliveries, and customer satisfaction survey results. They also revealed land acquisition plans and growth strategies for their markets in 2010.

Other points of business included the induction of the new Virginia division TPC chairman John Lombar-

dozzi, president and CEO of Signature Cos., Haymarket, Va., who was taking over for outgoing chairman Dave Scott, vice president of Fireside Hearth and Home, Richmond, Va. Lombardozzi talked about the benefits that the TPC afforded every member. He reiterated the council's mission statement and statement of purpose with the group, and expressed his appreciation for the candor that K. Hovnanian leadership provided. Lombardozzi challenged everyone in the room to make a contribution to the council. It was impressive.

The icing on the cake was a motivational presentation given by K. Hovnanian/Landover Group Training Manager Steve Sutton, titled, "Be Great for Five Minutes." It was about people making a conscious effort to do something extraordinary every day, and I found it very inspirational.

### The takeaway

The meeting gave me keen insight into and a clear understanding of the inner workings of a successful TPC. I think my experience can be best summed up by a comment I overheard from a board member: "I've been involved in a lot of home-builder trade partner councils in my career, and K. Hovnanian's council is by far the best I've known." **PB**



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# 8 Steps to Better



## Eight Simple Rules

1. Calculate your market share every quarter
2. Look for changes in leads vs. walk-in traffic
3. Monitor and recognize agent-generated sales traffic
4. Measure the percentage of customers that toured home sites and spec homes
5. Spotlight completion of customer qualification sheets
6. Know the appointments set for the upcoming week
7. Monitor how many prospect obstacles were resolved each week
8. Track and recognize referral sales

**A**s it relates to capturing added new-home sales, success can often be traced back to those willing to measure and manage the many subtleties of the home-buying process, while failure is often the result of oversimplifying the entire process into a single measurement — say traffic-to-sales conversion. For many builders, solving today's sales problems can be overwhelming. Some refer to it as the “too” phenomenon: too few customers, too few qualified buyers, too little urgency, too many competitor discounts, too little followup and even too few outstanding new-home sales professionals.

With so many problems and so little money to go around, determining where to focus your efforts and getting the biggest return for your time are absolutely critical. Sales benchmarks and measurements will help formalize the review of your business and act as an essential way of managing strengths and weaknesses in your sales process. They provide builders a roadmap with which to highlight the flaws in their current systems and early-warning signs that can be remedied for greater sales and productivity. Here's how to get started with eight essential measurements.

### Reverse the funnel

Sales measurements are simply slices from the sales funnel: how many walk-in customers you need for a sale and how many prospects you need for each walk-in customer. Begin by reversing the typical sales funnel — in other words, rather than starting at the top with “how many leads” and working your way down to sales, start at the bottom of the funnel with “how many sales,” then work your way up to leads. The goal should be, “To get to this many sales, I need this many leads



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# Sales

Fix the flaws in your sales process  
by following these eight simple rules  
for benchmarking and measurement.

By John Rymer, New Home Knowledge

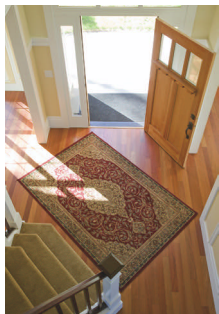
*“Every sales analysis should begin by knowing the number of targeted households that can afford to purchase in your anticipated price range.” — Rick Mildner*

to make my budget work.” Don’t shortcut the process by simply starting with the number of prospects needed. Metrics need to include analyzing the demographics of the target market.



**[1] Calculate your market share every quarter.**

Rick Mildner, general manager and chief operating officer of Tributary, a master-planned community in Atlanta, says, “Every sales analysis should begin by knowing the number of targeted households that can afford to purchase in your anticipated price range.” Mildner adds, “With the significant shift to lower-priced homes, many builders will quickly realize that they have an unrealistic market share computed for their higher-priced communities.” Analyze your market capture within your price points and your geographic submarket. Once you think you know the number of potential home buyers, determine your fair share of the market. And remember, as the overall market either strengthens or weakens, you need to update your success based on share of market. Many builders are quick to blame poor sales on a market decline, but then ignore lost market share in a rising market.



**[2] Look for changes in leads vs. walk-in traffic.**

Once you determine the number of potential home buyers, don’t simply make the jump to counting walk-in sales traffic. “An important measurement that is often overlooked is tracking the ratio of leads to your walk-in traffic,” says Kathi James, senior vice president and chief marketing officer for Beazer Homes in Atlanta. While an entire article can be devoted to lead generation and managing the metrics it creates, it suffices to say that leads come in many forms — from phone calls and proactive Web responses to social-media interest and traditional advertising, such as direct mail.

There is no “right” leads-to-traffic ratio. Variables such as e-marketing budgets, money spent on mailing lists, awareness marketing, location of the community and builder reputation all impact this ratio. Knowing the trend is what

makes this such an important measurement tool. If leads are rising but your walk-in traffic is flat, are your sales professionals working the leads funnel to their full advantage? Do they understand that the goal is to convert a lead into a walk-in customer, not try to sell them a home by phone?



**[3] Monitor and recognize sales traffic generated by sales agents.**

With marketing budgets tighter than ever, agent-generated sales traffic is a measurement every builder should monitor. It’s certainly true that sales agents aren’t responsible for placing ads or developing a Web site, but that doesn’t mean they can entirely abdicate ownership of traffic in their community. A general theme is to divide your sales traffic into thirds:

- Traffic you provided to sales agents (includes print media, Web site, public relations and direct mail)
- Traffic you helped provide to sales agents (includes traffic from signage, special events and prior builder customers)
- Traffic generated by sales agents (includes traffic from realtors, customer referrals and social-media contacts such as blogs, Twitter and YouTube).

The age-old industry discussion which begins with “I could sell if I only had the traffic” requires a new paradigm: “How can I, as a sales agent, self-generate more traffic for myself and my community?”



**[4] Measure the percentage of customers that toured home sites and spec homes.**

“Knowing how many people visited your sales office is not nearly as important as knowing how many prospects experienced your community,” says Gary Sandor, vice president of product design for Reed Development in Bluffton, S.C. “Our traffic-to-sales conversion is about 10 times that of a typical walk-in customer if we can get them out in the community to experience what we have to offer.” Tom Richey, the iconic sales trainer, is famous for the quote, “If you site ’em, you will write ’em.” Those words are as true today as they were when he coined the expression nearly 20 years ago. Some builders now



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*“Our traffic-to-sales conversion is about 10 times that of a typical walk-in customer if we can get them out in the community to experience what we have to offer.” — Gary Sandor*

require sales agents to tour a minimum of 50 percent of traffic through their spec homes or available home sites to qualify for commission draws. It's tough love, but these are tough times.



**[5] Spotlight completion of customer qualification sheets.**

Today, first-time buyers make up the largest segment of prospects in new-home sales centers. Many of these buyers are less than clear about

what's required to own a new home. Even move-up buyers are often not aware of the more onerous mortgage and downpayment requirements. “We track the number of qualifications each sales associate completes every week,” says Diane Morrison, vice president of regional sales and marketing for Ryland Homes in Atlanta. “It gives us a good idea about the depth of the presentation and relationship between the customer and sales professional.” It's true that many sales professionals are resistant to initiating qualification discussions and completing basic qualification sheets. But it's also true that tackling the issue upfront allows the sales professional to quickly understand the viability of each customer's home-buying situation.



**[6] Know the appointments set for the upcoming week.**

A proactive approach to knowing the next step for prospects is a key to today's sales success. The best Monday-morning sales

meetings include an agent-by-agent discussion of appointments set for the week. Not only does the discussion give the builder a good idea of sales activity for the coming week, but it sets the expectation for new-home sales agents that they must take control of getting interested prospects back to the sales center. The key is to get specific — i.e., names of customers and the purpose of the appointment — and hold agents accountable for those on the list. Management also needs to go over the prior week's list and discuss what transpired. The point is not to embarrass an agent in public. It's OK for an agent to say, “The Smiths never showed up on

Thursday, and I've called them twice but haven't received a return call.” But it's simply not acceptable for an agent with four appointments in the prior week to show up at a sales meeting with no sales and no explanation of what happened to the four prospects.



**[7] Monitor how many prospect obstacles were resolved each week.**

Most builders rate their prospects “A,” “B,” “C,” etc., usually based on the likelihood of purchasing (for example,

“A” = ready, willing and able). But it's not enough to know what stands between your top prospects and homeownership. Top builders measure the ability of agents to work with their customers to assist in removing obstacles. Examples include remedying a credit or downpayment issue or solving a house-to-sell problem. By not simply measuring followup but following up with purpose, smart builders are able to turn unqualified prospects into buyers.



**[8] Track and recognize referral sales.**

Top new-home sales professionals have one thing in common: they receive more than their fair share of referral sales. Don't think of referrals just as those attributable to previous home buyers. Referrals include customers referrals from realtors, referrals from previous customers, event referrals and homeowner referrals. Recognition of

sales agents who achieve high referral sales, rather than complicated referral programs, has proven to be the best way to stimulate sales.

As time-consuming as sales measurements are to develop and maintain, the alternative of “wait and hope,” or more typically “blame the market,” are not suitable substitutes for good information and better sales practices. **PB**



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# Out With the Old, In With the New

What will residential communities look like 10, 15 and 20 years from now? Land-planning experts critique current approaches to neighborhood design and provide a glimpse of the future.

By Susan Bady, Senior Editor, Design

40

## Five Key Components of the New Residential Community

1. *Walkability*
2. *Sustainability*
3. *Connectivity (between neighbors as well as neighborhoods, on-site amenities and mass transit)*
4. *Diversity of housing types and land uses*
5. *Dedicated open space/parks/trails*

There's little doubt that the suburban tract-house pattern of development of the 1950s is no longer viable in America. Land and gasoline aren't the cheap commodities they once were. Consumers don't want to spend hours commuting to and from work, and when they're at home, they'd rather not drive 20 minutes to the gym or the nearest supermarket. With gasoline expected to climb back up to \$4 or more per gallon, transportation and energy costs are going to significantly impact where people want to live. Yet, outdated approaches to residential development persist. Blame it on the economy, the regulatory climate or a lack of creativity, but something's got to give.

We asked five leading authorities in the architecture, land planning and urban planning fields what they thought was good and bad about community design today, how it can be improved and what we can expect to see in the future.



## Hometown Master Plan Arvada, Colorado

**designit**

- A - 3-Story Condos
- B - Townhomes
- C - Mansion Homes
- D - Retail / Restaurants
- E - Condos Above Retail
- F - Neighborhood Shops
- G - Assisted Living

### Summary

Total Site Area	34.4 Ac.
Total Number of Units	329 units
Residential Density	11.2 DU/Ac.
Open Space	40.5%

Regional Trail

Farmers Highline Canal

### A Traditional Neighborhood Development

Century Communities  
4949 South Syracuse Street  
Denver, Colorado 80237  
303-770-8300

### Planner:



**David A. Clinger  
& Assoc. Ltd.**  
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Golden, CO 80401  
303-526-9126  
303-526-9320 FAX  
E-mail: davidclinger@dclinger.com  
Environmental Land Planners  
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Kendrick Drive

West 64th Avenue

HOMETOWN IN Arvada, Colo., is a traditional neighborhood development that mixes three-story condos, townhomes and three-plex "mansions" with shops, restaurants and assisted-living residences.

# Echoes of the Past

**The Experts:** David Clinger and Kristy Riveland, David A. Clinger & Associates, Golden, Colo.

Nationally known land planner David Clinger believes that once the economy and the housing market recover, the suburban housing model that has dominated America for the last 40 years will disappear. In its place there will be smaller, mixed-use neighborhoods with higher densities and a diversity of housing types (such as Hometown, above). Compact single-family homes, townhomes, condominiums, rental housing, home-based businesses and neighborhood centers will reduce development costs while encouraging walking, biking and community-based recreation.

Clinger says the shift from the exurbs to urban infill sites actually started after the savings and loan crisis of the 1980s. But he expects this movement to shift into high gear as home buyers re-evaluate their priorities. "Transit-oriented developments will increase in value and popularity as well as mixed-use, walkable communities that have less emphasis on an auto-dependent lifestyle," he says.

Parkways with trees, detached sidewalks and a variety of housing types will create a lower-density look and feel while yielding an average density of 9 to 11 dwelling units per acre. "These 'villages' maximize privacy between units, provide private courtyard spaces and reduce stormwater runoff," Clinger says. "They're all about sustainability." Such communities provide pedestrian access to neighborhood shops as well as affordable, low-maintenance homes, condos and apartments.

"A large percentage of residential real estate developed between now and 2025 may be modeled after the compact villages that our forefathers built when this country was first settled."  
— David Clinger



**The Expert:** Rick Harrison, Rick Harrison Site Design, Golden Valley, Minn.

For Rick Harrison, the future of community design is already here. One of the things for which he's best known is Prefurbia, a sustainable approach to suburban planning that reduces street length and creates more space (and the perception of space) without sacrificing density. Curved streets, enhanced curb appeal and better pedestrian connectivity are just a few of the benefits.

The Minneapolis-based land planner has worked on projects in 46 states and 12 countries. His designs promote panoramic views; centrally located parks and trail systems that all residents can enjoy (not just a privileged few); and meandering boulevards that invite strolling. Car clutter and the "garage grove" effect are eliminated. Expensive, underground storm sewer systems are replaced by low-cost, organic, surface-flow solutions. Westridge Village, at right, is a case in point.

Harrison claims that traditional neighborhood developments (TNDs) in outlying areas often fail, explaining, "If it takes you half an hour to get home from work, you want to have your space — not be on top of your neighbors." He replanned a TND in Santa Fe, N.M., adding 300 homes, reducing streets by nine miles and increasing open space by 250 percent.

"No one looks at how homes are positioned on lots and the views from the windows," Harrison says. "We're starting from a base that's terrible and dysfunctional. Setting a minimum density goal is not conducive to creating great neighborhoods."

## Less Pavement, More Green Space



RICK HARRISON applied his Prefurbia concept to rework the land plan for Westridge Village in Eau Claire, Wis. The result was 126 more units, a central park that benefits every resident (not just a few) and spacious, meandering streets that encourage walking.

"Good site design saves money. If we reduced paved streets by **30 to 40 percent** and implemented a surface-flow stormwater management system, we could change our carbon footprint." — Rick Harrison



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## Band of Brothers | S8

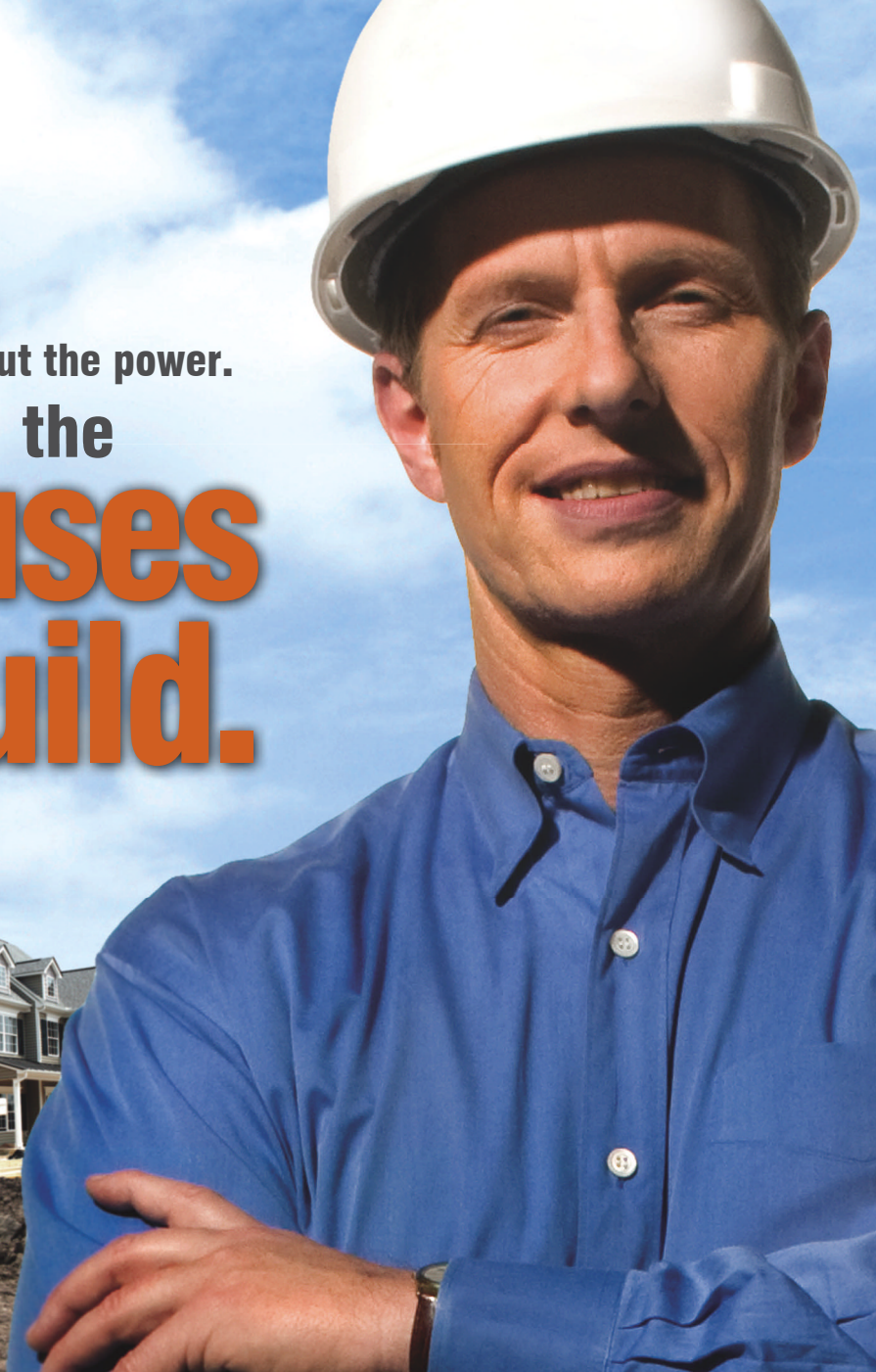
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## American Castles

By Nick Bajzek, Products Editor

You don't have to cross the ocean to find dwellings that are fit for royalty — these custom homes have it all.



LANDRY DESIGN GROUP

### Landry Goes Normandy

Nestled in Beverly Park, a gated community in Beverly Hills, Calif., this home is situated near some of the most extravagant abodes in the Los Angeles area (neighbors include Sylvester Stallone, Rod Stewart, Magic Johnson and Samuel L. Jackson).

The homeowner wanted an extremely large residence designed for entertaining on a grand scale. Additionally, it was important for the home to be functional and livable for a family with children. The Landry Design Group used historical precedents as an influence in designing a home that would work in a contemporary context and be adaptable to California's climate. For example, the original French Normandy chateaux did not have large windows because the technology at that time did not allow for large panes of glass. Today, larger openings are possible that admit more light.

The home is 25,000 square feet and sits on slightly

less than two acres. It sports 10 large bedrooms, 14 bathrooms and an incredible office/library. One of the home's most spectacular features is the circular cutout in the library floor with a glass oculus that peers into the brick, 2,500-bottle wine cellar below. The exterior of the study has a waterfall that flows under the driveway, becomes a stream, and feeds into the outdoor pool.

There's a full marble spa in the basement, massage rooms and an indoor pool with hot tub. The grounds are fully landscaped and permits have been pulled for a future tennis court. As if that wasn't enough, there's a large outdoor pool joined by fountains and covered loggias, and a patio/barbecue area with a complete array of appliances.

*Builder: Dugally Oberfeld, Bel Air, Calif.*

*Architect: Landry Design Group, Los Angeles*

*Square feet: 25,000*

#### MORE ONLINE

You can see more of these beautiful homes in a slideshow online at [www.HousingZone.com/CB](http://www.HousingZone.com/CB)

## That's Italian

This elegant home, described as “Italian Fusion” by designer Jim Phelps, was built on a golf course in South Charlotte’s Longview community. The site was a bit challenging: a 1-acre, long, deep lot that slopes right to left with views of the fairway. Phelps incorporated a series of courtyards that run throughout to help break up and complement the design. “The courtyards definitely aren’t typical of the architecture around here,” he says, adding, “The house rambles, which makes it fun.”

To satisfy the clients’ love of outdoor living, the residence has a pool, a covered dining area and an oversized fireplace.

The interior spaces include a foyer/den immediately to the left of the front entrance with stained paneling and a dramatic coffered ceiling. On the lower level is a wine cellar with a barrel-vaulted brick ceiling. A home theatre with stadium-style seating and a “wellness center” with exercise, sauna and massage rooms round out the amenities.

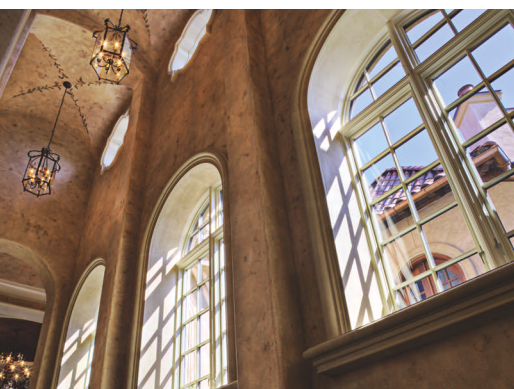
Other noteworthy features include a series of groin vaults (four arches that come together, usually joined with a light fixture) throughout the home and a 12-foot-radius, arched glass dome in the living room.

*Location: Charlotte, N.C.*

*Builder: Arcadia Homes, Charlotte*

*Residential Designer: Jim Phelps, Jim Phelps Collection, Cornelius, N.C.*

*Square feet: 10,757*



SEAN BUSHNER



MICHAEL SEIDL PHOTOGRAPHY

## French Country Comfort

Robert Egge Construction and architect Jeff Loveless combined forces to create this beautiful estate, located on a bluff in north Seattle. Four bedrooms with separate baths and four fireplaces made with hand-carved French limestone top the list of features in the French Country style home. Other luxuries include hand-forged iron balusters, Brazilian walnut floors with custom inlays, and expertly carved millwork in every room.

The exquisite details of the cabinetry and millwork are complemented by a serene lighting design and expansive windows softened with electric sun shades. The estate includes a home theatre, a recording studio and a helipad.

Egge built and subsequently remodeled the home, which has breathtaking views of Puget Sound and the Olympic Mountains. “A year after we completed the estate, our client called on us to remodel the entryway using a hand-carved French limestone surround,” he says. This involved upgrading the existing structure and expanding the entry porch to accommodate the weight and size of the limestone. A new barrel-vaulted



copper roof, copper flashing, delicate copper downspouts and recessed lighting add elegance to the entry.

“Although the remodel required opening a large hole in the roof, we succeeded in keeping the home dry and free of water damage during a wet November and the biggest windstorm in Seattle history,” Egge says.

*Location: Seattle*

*Builder: Robert Egge Construction, Woodinville, Wash.*

*Architect: Jeffrey Loveless Residential Design & Planning, Issaquah, Wash.*

*Interior Designer: Bruce A. Martin Interiors, Ketchum, Idaho*

*Landscape Architect: Thomas L. Berger Landscape Architect Associates, Seattle*

*Square feet: 11,000*



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ERICKSON HERSCOE DESTEFANO & PARTNERS

## Coastal Style in Wisconsin

This waterfront vacation home in Door County, Wis., was designed to take full advantage of the surrounding views. A sun-room overlooking a private marina features a painted beam-and-plank ceiling consistent with the home's coastal design.

Other nautical-themed elements are repeated throughout, including a study finished entirely in teak. The home wraps around a courtyard, providing shelter and privacy for outdoor activities. A stonework

chimney doubles as a built-in barbecue on the deck outside and a fireplace inside.

In keeping with the waterfront aesthetic, the exterior is an elegant combination of cedar shakes and stone. A lighthouse-themed turret and cupola complete the look.

*Location: Door County, Wis.*

*Builder: DeLeers Construction, Green Bay, Wis.*

*Architect: Erickson Herscoe DeStefano & Partners, Naples, Fla.*

*Square Feet: 5,500*

### PRODUCTS

#### Coastal Style in Wisconsin

**Flooring:** Custom teak

**Roofing:** Celadon Ceramic Slate by Ludowici Roof Tile

**Windows:** Pella

**Landry Goes Normandy**

**Fireplace mantels:** Custom hand-carved stone

**Flooring in spa vestibule:** Onyx

**Millwork:** Custom

**Library ceiling dome:** Mahogany

**Paneling in "his" bathroom:** Mahogany

**Staircases:** Custom wrought-iron balustrade

#### That's Italian

**Exterior doors:** Pella

**Flooring:** Travertine

**Lighting:** Quoizel; Savoy House

**Millwork:** Custom mahogany

#### French Country Comfort

**Entryway roof:** Custom copper roofing, flashing and downspouts

**Fireplaces:** Hand-carved French limestone

**Flooring:** Custom Brazilian walnut with inlays

**Staircases:** Hand-forged iron balusters





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A photograph of five men at a construction site. Two men are on a wooden staircase in the foreground, one holding a power drill. Three men are on a higher level in the background, one holding a long level. They are all smiling and dressed in business-casual attire. The background shows the wooden framing of a house with large windows.

# Band of Brothers

Payne & Payne Builders, NAHB's 2009 Custom Home Builder of the Year, is thriving in an industry where many family businesses have fallen by the wayside.



# NAHB Custom Home Builder of the Year

By Susan Bady, Senior Editor

**P**ayne & Payne Builders was founded in 1993, in the middle of a recession — not the most auspicious time to start a custom-home building company, unless you're F. Michael Payne.

With 35 years of experience as a remodeler, general contractor and large-volume production builder, Payne was well-equipped to weather the down market. His brother, David S. Payne, who had worked with him nearly 10 years earlier, joined him as partner in the Chardon, Ohio firm. It wasn't long before word got around about the company's smart business practices, quality work and dedication to customer satisfaction.

Mike Payne Sr. retired five years ago. His sons, Michael Payne Jr., David C., Eric and (most recently) Brian, run the company with their uncle Dave. While no longer active on a day-to-day basis, Mike Sr. still acts as mentor and consultant. Mike Jr., David and Eric comprise a board of directors that holds weekly strategy meetings. Mike Jr. is responsible for operations, David handles sales and Eric is in charge of administration. "The collaboration, synergy and debate of this board has enabled us to make good decisions, no doubt helping us navigate the recession," says Mike Jr. "Our strengths and weaknesses complement each other well."

The Paynes' commitment to teamwork, family values and creating an exceptional client experience has served them well in Geauga County, where construction is down 85 percent. "The custom market that was our sweet spot is probably down even more," says David. "But we saw that coming a couple of years ago and decided to diversify into semi-custom homes and expand our price points. We also started taking on remodeling projects, which enabled us to keep our staff intact and touch more clients and families."

The new line of semi-custom homes, called the Neighborhood Collection, has been a success "right out of the gate," Mike Jr. says. "It looks like we're going to do twice as much in 2010 as we did in 2009, and there's a good chance it will be our second strongest year ever, next to 2008."

In order to remain competitive in Cleveland's eastern suburbs,



PAYNE & PAYNE BUILDERS

Distinctive mailboxes in front of every completed home (as well as homes under construction) help keep the company name top-of-mind with potential customers.

## COMPANY SNAPSHOT

**Custom homes:** 15 completed in 2009 and 30 in 2008; \$250,000 to \$2.5 million; 2,000 to 12,000 square feet. Forecast for 2010 is on par with 2008.

**Semi-custom (spec) homes:** Average of 3 per year; \$350,000 to \$900,000

**Remodeling:** Accounted for approximately 30 percent of total gross revenues in 2009, with 10 projects completed in the \$125,000 to \$750,000 range. Volume expected to decrease to 10 percent in 2010, more consistent with prior years.

The Paynes, from bottom right and ascending staircase: Eric, Mike Jr., David S., David C., Brian and Mike Sr.

# NAHB Custom Home Builder of the Year



MIKE WILKES, DESIGN PHOTOGRAPHY

In building this 4,350-square-foot custom home for the HBA of Greater Cleveland's 2009 Green Home Tour, Payne & Payne emphasized energy efficiency and indoor air quality over bells and whistles.

Payne & Payne stays focused on these core competencies:

## Green leadership

Payne & Payne was applying sustainable principles before most of its competitors. In the 1990s, the company started working with building-science experts Paul Rimelspach and Nathan Yost. Rimelspach owns Energy Designed Homes in Granville, Ohio and still does Energy Star testing for Payne & Payne. Yost, a medical doctor and home builder, is a former principal of Building Science Corp. in Boston.

"When we joined the Energy Star program in 2002, we were

the first builder in the area and one of the first in the state to embrace that," says Mike Jr.

The Paynes were instrumental in developing the Northeast Ohio Green Building Initiative (NEOGBI), a voluntary certification program affiliated with the NAHB green-building program. Mike Jr. was named NEOGBI chairman in 2009. They also built the only custom home on the HBA of Greater Cleveland's 2009 Green Home Tour. Eric emphasizes that the green technology wasn't over the top. Features of the 4,350-square-foot home include geothermal heating and cooling, reclaimed materials and passive solar design.

"Certainly it's helped differentiate us," says David. "We're branded locally as green builders and we've got clients that seek us out just because of that. By the same token, I believe in not trying to sell anything [the customer] doesn't want. For most clients, energy efficiency is important, and they're becoming more concerned about indoor air quality. But there's no one-size-fits-all approach."

## Superior design capabilities

Believing that all good homes start with good architecture, Payne & Payne works with as many as half a dozen outside architects

## 7 BEST PRACTICES FROM PAYNE & PAYNE

**1.** Recognize your team's achievements. Payne & Payne collects and posts "company stories" — examples of employees, trade contractors and suppliers going the extra mile to please clients — and updates them monthly.

**2.** Stay up to date on the latest green-building science so you can build a better home and educate your customers and the community.

**3.** Focus on delivering the best possible client experience.

**4.** Work with your in-house designers as well as outside architects to enhance the curb appeal of your homes.

**5.** Right-size your company. Payne & Payne is small enough to be accessible and provide personal service, but large enough to afford significant purchasing power. The

company belongs to a local buying group, the Cleveland chapter of Custom Builders USA.

**6.** Establish and maintain a culture of continuous improvement. For Payne & Payne, this includes weekly sales training classes; membership in the NAHB Builder 20 Club; regular attendance at major industry events such as the International Builders' Show; twice-monthly meetings with a business coach; off-site, company-wide retreats; quarterly business development meetings; and weekly operations, strategic planning and project meetings.

**7.** Stay active in the housing industry and involved with your community.





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# NAHB Custom Home Builder of the Year



ROGER MASTROIANI/GETTY IMAGES

Crist Yoder, Payne & Payne's framing carpenter for more than 20 years, reviews blueprints with David S. Payne.

in a given year, complementing its in-house design staff. The company has relationships with architecture firms as far away as California. "We do videoconferencing with the out-of-town architects," says Eric. "Clients really seem to like that." David adds, "Our business is made up primarily of [clients] who come to us first, not the architect."

Payne & Payne is well-versed in a wide range of styles including French Country, Tudor, Craftsman and contemporary, and strives for maximum curb appeal with every custom home. "We can almost predetermine the best marriage of the client's goals and wishes and the architectural design," says Mike Sr.

In 2001, the company opened a 2,000-square-foot design center to give clients a comfortable place to meet with architects, browse through plans and photos, and select products, materials and details. Almost all selections can be handled in house, says Mike Sr.

## Trade relations

Payne & Payne nourishes long-term relationships with its trade contractors, some of whom have been working with the family for decades. "We pay them weekly — we don't make them wait," says Mike Jr. "We work with them to learn how they price jobs and incorporate it into our estimating system. With their input, we value-engineer our designs."

Good communication is as essential to Payne & Payne's rela-

tionships with contractors as it is with clients. The Paynes meet with trade partners on both an individual and group basis to explore ways they can work together more effectively. And extra effort is rewarded: through the "Company Stories" program, any employee, trade partner or supplier who goes out of their way to please a customer is recognized with a notice posted in the office and at job sites. The stories are updated monthly.

## Networking and brand recognition

"In terms of marketing, we've found that the most successful method is networking — pressing flesh," says David. The Paynes have belonged to Leadership Geauga County, a local leadership development group, since 1999, and stay on top of market trends through regular contact with local realtors and architects.

David frequently does presentations on green building for local municipalities, Rotary Clubs and other area professionals. As the new chairman of NEOGBI, Mike Jr. has been spreading the green gospel to consumers and peers.

"A couple of years ago we didn't even need to advertise; it was all just word of mouth," says David. "Now we do some advertising to drive traffic to our model home. We also have a great Web site, a monthly e-newsletter and good site signage."

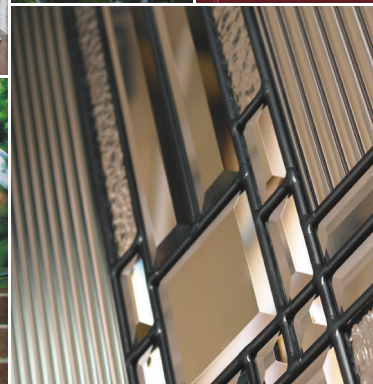
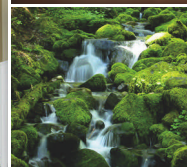
Where other builders see headaches, Payne & Payne sees opportunities that help achieve its brand-building goals. If a problem arises with a Payne-built home, they'll take care of it, "even if it's five, six, seven, eight years later and there's a new family living in it," Mike Jr. says. "People can't believe that even though we didn't build the home for them, we'll come back and fix it. They absolutely rant and rave to all their friends and family."

The way the Paynes see it, being named Custom Home Builder of the Year validates their adherence to Mike Sr.'s long-held principles of honesty, integrity and mutual respect. But at the end of the day, moving forward is what they're all about. ■

### See What Makes Payne & Payne a Winner

Watch the NAHB's video about Payne & Payne Builders at [www.housingzone.com/cb](http://www.housingzone.com/cb), and learn more about why their customers love them, awards they've won and the distinctive architecture of northeast Ohio.





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\*The average residential energy use for space heating and cooling is 39%. *Buildings Energy Data Book*, 2008, U.S. Department of Energy (DOE). Savings vary. To find out more, contact your Owens Corning sales representative. Savings estimates are based on comparison to an average new U.S. home. The savings percentages compare the performance of a new home built to meet minimum insulation code requirements in a particular location to a new home insulated with the EnergyComplete™ System that meets or exceeds the DOE recommended insulation levels. The 1/3 savings on heating and cooling was calculated on a 2-story, 3,100-sq.-ft. new home with a basement in Denver, CO.

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“With infill, you need to think that land planning may not be a matter of a horizontal regime where we put all the townhomes in the townhome corral and all the big houses in the big-house corral. **The idea is to mix** housing types within neighborhoods.” — Leland Iverson



## No More Housing ‘Corrals’

**The Expert:** Leland Iverson, Iverson Architects, Newport Beach, Calif.

Infill development is the gospel Lee Iverson constantly preaches to home builders, and they’re beginning to admit he’s right. Where new land is scarce or urban growth boundaries aren’t expanding, infill will become the norm, Iverson says — especially on parcels with existing low-value land uses, such as defunct shopping centers and automobile dealerships. Densities in all housing types will be higher and a mix of product types and land uses needs to be considered.

Connectivity, diversity and sustainability are the guiding principles in all of Iverson’s work. Unfortunately, “people are still doing [land plans] the same old way: hiring civil engineers who don’t understand product. Product and land planning have become much more integrated.”

Streets don’t need to be wide enough for a small plane to land on; narrower streets slow down traffic and reduce the amount of impervious surface. This cost-cutting measure also improves rainwater management. Hawkstone, above, exemplifies Iverson’s principles.

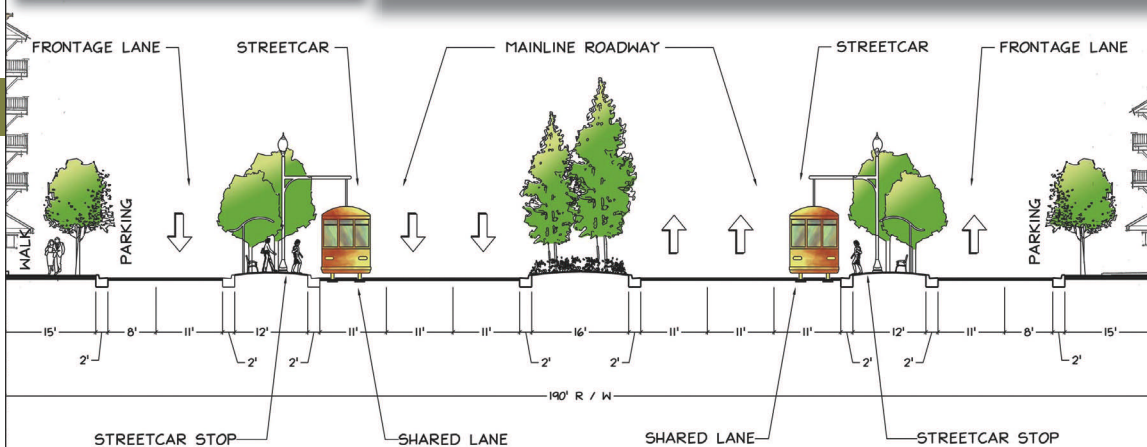
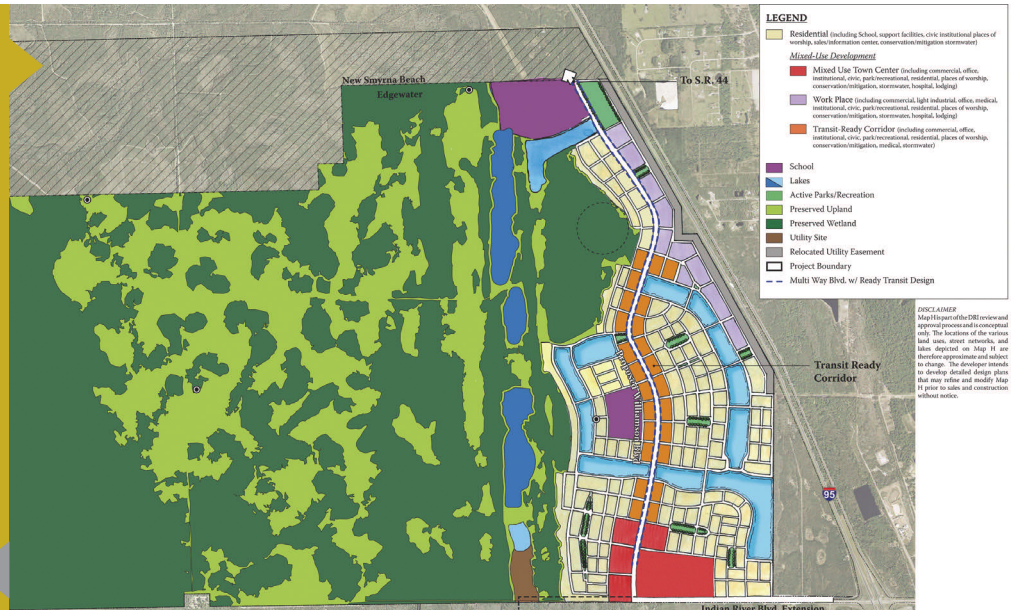
“Convenience, amenities and energy efficiency will offset the desire for suburban homes where a lot of driving is required,” he says. “Since in emerging market profiles only about one-quarter of the buyers are married couples with children, the suburbs are not as attractive as before.”

And as the market shifts from move-ups to first-time buyers and empty nesters, homes and lots are getting smaller. “However, open space and community areas for meeting and interacting are needed to keep these buyers energized and connected,” says Iverson.

HAWKSTONE, A 100-ACRE, pedestrian-friendly community near Spokane, Wash., mixes single-family homes, townhomes, flats, lofts and apartments. The Village Center, which includes retail, offices, cafes and health services, is on the edge of the community rather than in the middle, allowing non-residents to access and help sustain those businesses.

# TNDs and TODs Gain Traction

“An unintended consequence of the regulatory environment is that it’s created almost a **monoculture of housing opportunities** in the suburbs, with very little mixed use, very little walkability and enclaves of various price points.”  
—Tony Weremeichik



ON A MULTI-WAY, transit-ready boulevard at the Restoration development in Daytona, Fla., an electric streetcar line will transport residents to work, school, shopping, parks and other on-site amenities.

**The Experts:** Tony Weremeichik, Eliza Harris and Greg Witherspoon, Canin Associates, Orlando, Fla.

For Canin Associates, traditional neighborhood development (TND), often married with transit-oriented development (TOD), is the antidote to suburban sprawl. Greg Witherspoon, principal of Canin’s Urban Design & Planning Studio, believes builders and developers are beginning to see the benefits of TND/TOD. “You won’t see anybody doing golf courses for a long time,” says Witherspoon.

For builders, it makes sense to offer multiple housing types that appeal to a variety of demographic groups. “Diversifying their product types is going to buffer them against the marketplace,” says Eliza Harris, an urban planner with the firm. “It’s like diversifying your stock portfolio.”

Amenities, too, need to appeal to multiple generations, Witherspoon says. “For instance, trail systems that allow you get out and be active, whether you’re a Gen Y’er or a baby boomer, are

becoming almost necessities in some communities.”

Harris sees big opportunities for developers in suburban retrofit. “We’ve got large, abandoned or partially vacant strip malls that require a master developer to come in and take charge. In some cases, these projects are going to involve a lot more vertical development.” Tony Weremeichik, principal of Canin’s Architectural Design Studio, thinks local governments will begin encouraging infill development through such incentives as density bonuses, reduced impact fees and public/private partnerships.

One of Canin’s latest projects is Restoration (above), a master plan near Daytona, Fla., that aims to create a more equitable balance of jobs and housing. Every resident will be within a 10-minute walk or streetcar ride of grocery stores, employment, schools, parks, natural open spaces and other amenities. If built as anticipated, the ratio of jobs to housing will be between 0.9 and 1.3.



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# Create a Sense of Place

**The Expert:** Randal Jackson, The Planning Center, Costa Mesa, Calif.

In Randy Jackson's opinion, the chickens have come home to roost as far as residential community planning is concerned. "We've had such fervor in development over the past few years, we didn't take the time to look at how communities live and mature and create long-term value," Jackson says. "Now we're paying for part of that. The communities that are still selling pretty well are the ones that have great structure and a sense of place."

Future communities will have to be much smaller in scale, he says, because it's unlikely developers and builders will be able to get financing for projects that comprise thousands of homes. "Neighborhoods will be definable — 30, 40 acres at the most. All of the residents will get to know each other. And we won't worry about what's attached and detached because the architecture alone is blurring that right now. You're getting the sense of single-family, attached product and apartment product together in the same building."

The Planning Center is currently designing intergenerational housing where "mom and dad, the kid that moves back home after college, and grandma can live together, yet each have their own space. When grandma passes away, they can convert her living quarters into a rental unit for the next generation."

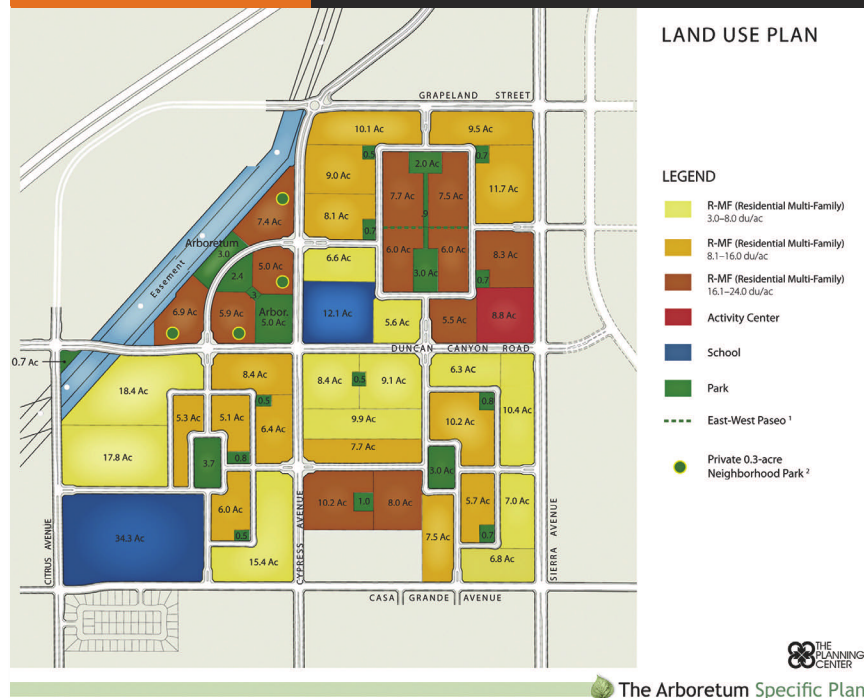
The company is also exploring the idea of reintroducing agriculture to suburban communities to make them sustainable. For example, a few master-planned communities have incorporated working farms and large community gardens, selling whatever is grown or raised to local residents and businesses. The Arboretum, at right, offers an already-built example.

Lastly, Jackson says, infill development is going to heat up. "Corridor planning is going to be extremely important. Cities will expand beyond their boundaries and have to come together to find solutions for housing, commercial and jobs, rather than just solving those problems individually." **PB**



"Agriculture is the new golf course."  
— Randal Jackson

THE ARBORETUM, a master plan in North Fontana, Calif., completed in 2009, ties residential villages, schools and recreational facilities together with community gardens and a 10-acre park. Recreation centers include garden walks, themed gardens with shade pavilions and a replication of the city's historic citrus groves.







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# INGENIOUS

48

ATTACHED UNITS look like single-family homes thanks to intricately proportioned, variable rooflines and cladding materials that are different for each facade.

*Photos: Fred Forbes, Photogroupe*



# ENCLAVE

**In New Jersey's upscale Bergen County, a luxury development solves a community quandary and offers new options for a growing population of empty nesters.**

**By Lisa Skolnik, Contributing Editor**

In most communities, the falling economy and rising interest in the environment have coalesced to make new residential real-estate offerings leaner and greener. But Woodmont Properties' Enclave at Montvale (N.J.), named for the affluent borough it calls home, proves that a luxury development that doesn't actively embrace either trend can succeed in a tough economic climate.

Nothing is average or ordinary at the Enclave. The 19-acre project features 20 architecturally dazzling townhomes and eight acre-plus, tree-lined lots zoned for custom single-family homes. The former, which range from 3,800 to 5,200 square feet and cost \$1.2 to \$1.5 million, are sprawled over 10 acres and live like single-family homes, while the latter are priced from \$650,000 to \$875,000 and subject to stringent architectural standards. Despite the substantial price points and shaky economy, "we haven't had to reduce anything" and "sales aren't far off target," says Lewis Zlotnick, president of the Parsippany, N.J., development firm.

Woodmont CEO Eric Witmond believes the Enclave is doing well in a down market because "it was carefully tailored to the community's specific wants and evolving needs." Zlotnick also points out that the townhomes are "a low entry point" in the affluent area, where similarly sized homes usually start at \$1.8 million.

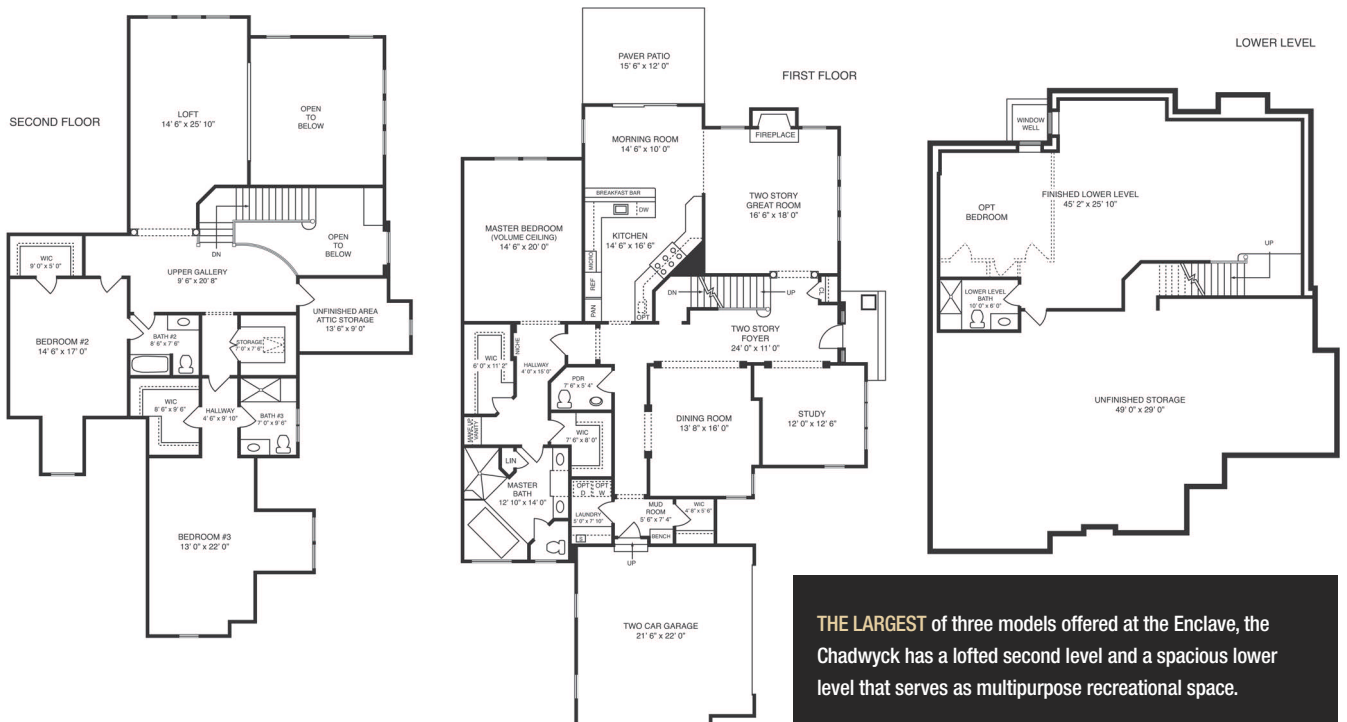
In fact, Montvale boasts enviable demographics. Because it is home to a mother lode of high-status corporate headquarters such as Mercedes-Benz, BMW, Benjamin Moore, Barr Pharmaceuticals and Pentax, and lies a mere 30 minutes away from New York City, the borough "attracts affluent and accomplished residents," Zlotnick says. Its numbers are also

rising: 2007 Census statistics show that the estimated median household income climbed to \$114,764 from \$93,031 in 2000, and the estimated median home/condo value climbed to \$692,514 from \$338,800. Also, those well-heeled households are aging; the community "has a growing baby-boomer population whose children have recently left the nest, and they want to scale down without feeling like they're making any lifestyle sacrifices," says Witmond.

Woodmont anticipated that the development would be 75 percent sold by the end of 2009. At press time, sales are just 25 percent off with nine townhomes and three lots sold. "The downturn has affected us because people are having trouble selling their larger, more expensive homes, but things are letting up now. We're seeing a tremendous amount of action at our sales center because we have what they want, and there's a lot less of what we have out there than buyers who want it," says Zlotnick.

### Community design pleases everyone

The Enclave abuts a 108,000-square-foot office building that was once the corporate headquarters of Toys 'R Us. In the early 2000s, new owners wanted to redevelop the building and its 36-acre site, but "the borough told them it wouldn't approve any plans unless they included a residential component to buffer the office building from the existing high-end, single-family homes on the west side of the land, which are all on acre-plus lots," Zlotnick says. The commercial developer asked Woodmont to come up with an appropriate residential project for the 19 acres on the west side of the parcel, and Woodmont went straight to the source. "They asked local officials what the borough would like to see on the site," says







THE CHADWYCK'S interior merchandising is transitional and warm, yet relatively clean-lined and uncluttered.



**CREAMY HUES** and astutely positioned cabinetry bring out the best in the angular, relatively compact kitchen.



#### PROJECT PROFILE

**Project:** The Enclave at Montvale

**Location:** Montvale, N.J.

**Buyer profile:**

Affluent empty nesters

**Square footage:** 3,800 to

5,200 square feet

**Sales price:** \$1.2 million to

\$1.5 million

**Hard costs (all three models):**

\$140 per square foot

**Builder:** Woodmont Properties,  
Parsippany, N.J.

**Architect:** Zampolin &  
Associates, Westwood, N.J.

**Interior Designer:** Lita Dirks &  
Co., Greenwood Village, Colo.

#### PRODUCTS USED

**Appliances:** Broan,

Jenn-Air, Viking

**Doors:** Pella

**Paint:** Benjamin Moore

**Plumbing fixtures:** Kohler

**Roofing:** GAF

**Siding:** CertainTeed

**Windows:** Pella

Montvale Planning Board Chairman John DePinto.

Woodmont learned that the borough wanted the new residential development to not only shield residents from the commercial project, but also enhance property values and provide lifestyle-appropriate, empty-nester housing, which was lacking in the area. "We realized we could design the project to do both those things," says Witmond. (See sidebar on page 54.)

Woodmont's due diligence earned its plans a green light from the planning board in October 2005, an "unprecedented two months after the first hearing on the project, because it was a very unique and creative way to satisfy a lot of needs,

protect the value of the property and accommodate the broader spectrum of housing types needed in the region," says DePinto. Besides providing Montvale with townhomes, which are scarce in the area, the development fees the project generates (which DePinto pegs at \$200,000) will help the borough fulfill its state-mandated, affordable-housing obligations.

#### Townhomes with a single-family feel

Aesthetics are important in Montvale, where an elegant country colonial look prevails, so Woodmont turned to Robert

### MERCHANDISING SHOWCASES ELEGANCE, FUNCTIONALITY

"OFTEN, DEVELOPERS who build expensive housing don't feel they need to do a model unit because the structure sells itself," says Lita Dirks, a nationally renowned interior merchandiser who heads an eponymous Denver-area firm. Nothing could be further from the truth. "These buyers are coming out of huge, single-family homes and are used to living large. It's a move down, but you don't want them to feel that way, so you need to show them how the place will live."

Dirks pegged Enclave buyers as "classic sophisticates" who coveted "elegance" and carefully embraced "trendy touches." They selected the Chadwyck, a 5,144-square-foot plan with a first-floor master suite, as the model, and pumped up its already lavish architectural details, panel-

ing and trim. While all the rooms were furnished to feel warm, inviting and elegant, they were also given strategic purpose, Dirks says. The living room had to be able to do double duty for formal or casual occasions. The upper level had to accommodate visiting family and friends. The master suite, with its soaring ceiling and expansive windows, still had to be serene and nurturing, and the irregularly shaped, angled kitchen had to feel open, luxurious and efficient.

Given all the compliments Woodmont Properties has received about the Chadwyck model, company President Lewis Zlotnick has no doubt those goals were met. "People rave about it and keep asking us if we will do a home the same way for them if they buy here," Zlotnick laughs.



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*Don Sparks, D. G. Sparks, Inc.,  
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# 11

Tips for  
Mastering  
Building



56

# ENVELOPE DESIGN

Keep these  
best practices  
in mind for  
creating tight,  
efficient  
building  
envelope  
systems.

By Joe Wiehagen,  
senior energy engineer,  
Amber Wood, energy  
programs manager and  
David Mallay, research  
engineer, NAHB  
Research Center

**FACED WITH MEETING** increasingly stringent energy codes and a growing demand for green, high-performance features, builders nationwide are looking to maximize the energy efficiency of their homes without blowing the budget. The easiest and most economical step to creating energy-efficient homes is to master building envelope and air sealing design.

Based on field work with builders across the country conducted by the NAHB Research Center under DOE's Building America program, we have found certain practices to be highly beneficial in creating tight and efficient building envelopes. The following practices can lead to better-performing wall systems with improved energy efficiency, moisture resistance, durability and ease of installation, as well as lower construction costs.

For more information on the advanced techniques discussed in this article, visit the NAHB Research Center's ToolBase Web site: [www.toolbase.org](http://www.toolbase.org). To find out about becoming involved in the Research Center's Building America team field evaluations, contact us online at [www.nahbrc.com/BAContact](http://www.nahbrc.com/BAContact).





THIS WALL SECTION features an optimized frame design with an engineered rim board as a header. This approach minimizes the number of frame members and can increase energy efficiency by reducing thermal bridging.

## TIPS FOR MINIMIZING COSTS FOR ADVANCED FRAMING TECHNIQUES

**ADVANCED FRAMING TECHNIQUES** can add anywhere from zero to more than \$1,000 to typical construction costs. To help contain or even reduce costs, consider applying these practices:

- Begin planning at the design stage. Lay out the walls and window locations to optimize lumber use and specify on the plans the optimum value engineered (OVE) features that will be utilized. Specify the air sealing and water management approach for the exterior walls. For instance, if you're planning to use panelized walls, some air sealing can be performed at the plant, which will lower costs and simplify field installation.
- Determine with your framer/panelizer the most efficient, cost-effective structural approach to incorporate exterior insulating sheathing.
- Meet with your trades before construction begins to discuss the importance of having the wall system perform both structurally and thermally. Establish trade scopes of work that identify all aspects of the thermal enclosure that must be reviewed jointly by the builder and trade contractor at strategic points throughout the construction process.

## OPTIMIZE FRAME DESIGN AND ADD RIGID EXTERIOR INSULATION

**BY OPTIMIZING FRAMING DESIGN**, builders can greatly reduce energy losses from thermal bridging through the exterior walls. To accomplish this:

- Employ specific framing layouts to eliminate unnecessary framing members
- Make sure the headers are sized correctly
- Locate openings to match framing members
- Use optimum value engineered (OVE) techniques, such as turned-stud corners, stand-off wall intersections and optimized window locations, to reduce thermal bridging in corners and wall intersections
- Panelize wall sections to minimize confusion in the field

## INCREASE THE DIMENSION OF THE WALL FRAMING, TYPICALLY FROM 2X4 FRAMING TO 2X6 FRAMING

**THE THICKER THE STUDS**, the more energy-efficient the wall system, provided that the wall cavity is properly insulated. While increasing the dimension of the wall framing will require design changes, it adds little or no cost to traditional, 2x4 framing methods. Features of the design could include inline framing at 24 inches on center; location of first-floor headers to the rim area; and incorporation of optimized framing techniques to limit framing member count.

3

**INSTALL BOTH INTERIOR AND EXTERIOR AIR BARRIERS**

**WHILE BOTH TYPES** of air barriers serve similar purposes, each complements and enhances the effectiveness of the other. Interior air barriers control leakage of a home's interior air into the wall cavity and attic, limit the ability of moist indoor air to enter the wall cavity during the heating season and limit convection losses within walls. Exterior air barriers control infiltration of exterior air into the wall cavity and through the attic, limit the ability of moist outdoor air to enter the wall cavity during the cooling season and prevent wind-washing of wall insulation.

For the exterior air barrier, consider using house wrap or an insulated sheathing system. When applying house wrap, make sure to tape all vertical and horizontal seams and penetrations, seal top and bottom edges of the house wrap to the structure and install the wrap using appropriate "shingling" methods to maintain the water barrier characteristics.

For the interior air barrier, use an airtight drywall construction approach. This process involves sealing the top plates of interior walls and all ceiling penetrations at the attic level, as well as the top and bottom plates and around rough openings of exterior walls. In addition, consider using continuous gaskets or drywall adhesives that are also sealants.

**CONSIDER SILL PLATE GASKETS DESIGNED TO PROVIDE BOTH A CAPILLARY BREAK AND AN AIR SEAL.**

5

**ENSURE A TIGHT SEAL THROUGHOUT THE STRUCTURE****CRITICAL AREAS INCLUDE:**

- Rim joist areas
- Exterior wall bottom plates (seal plates to the deck using caulk or gaskets)
- Window and door rough openings
- Garage-side drywall at conditioned spaces (seal top and bottom plates and around doors and electrical boxes)
- Framed cavity air barriers (e.g., fireplaces, attic knee walls, dropped ceilings and soffits, behind tubs, cantilevered floors and garage draft stops)
- HVAC ductwork sealed and installed in conditioned spaces
- Electrical boxes (seal around and behind boxes)

6

**ISOLATE THE ATTIC FROM EXTERIOR WALLS AND CONDITIONED SPACES****THIS CAN BE ACCOMPLISHED BY:**

- Sealing interior drywall and exterior sheathing at top plates using gaskets or sealant
- Installing gasket or sealant for all recessed light fixtures at the attic level
- Installing gaskets for attic access panels and stairs
- Using spray foam over top plates from the attic (pictured)



**TO CONTROL UNWANTED** air infiltration and movement, all framed cavity air barriers, such as this fireplace framed cavity, must be sealed.





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**7**  
**MINIMIZE SIZE OF OPENINGS FOR MECHANICALS THROUGH FRAMING AND AIR BARRIERS**

**10**  
**THINK ON A WHOLE BUILDING LEVEL**

**DEVELOP** a whole building design approach that considers all of the air sealing, insulation, structural and energy efficiency systems and details of how the components work together.

**8**  
**CONSIDER A ONE-INCH GAP BETWEEN THE INTERIOR FRAMING AND EXTERIOR WALL**

**THIS WILL ALLOW** for continuous drywall on exterior walls using an approved top plate structural bracket.

**9**  
**TEST YOUR DESIGN**

**PERFORM A BLOWER DOOR**

test to check for any missed leaks that can be repaired or minimized and to check the actual airtightness of the home. Also, consider conducting long-term monitoring of the home's actual energy use.

**4**  
**COMPLETE THE ENERGY STAR THERMAL BYPASS CHECKLIST**

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IMAGE depicts a properly sealed air barrier at an attic knee wall.



**Build Smart.  
Build Green.  
Build with Maze.**

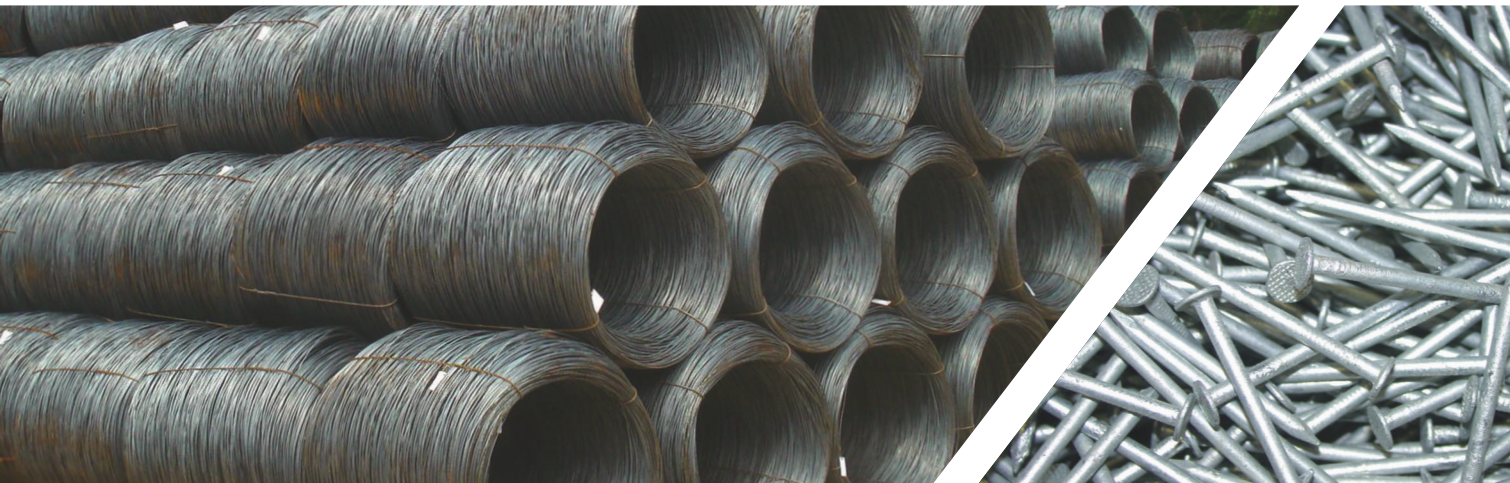
At Maze Nails we've perfected the art of manufacturing green eco-friendly nails. In fact, we've nailed being green!

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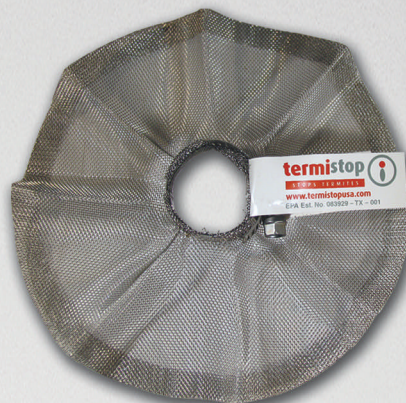
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For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 29389-21



# ULTIMATE GREEN TERMITE PROTECTION

## UP TO 8 GREEN POINTS



### BORA-CARE®: 4 pts.

Bora-Care is a "green" borate-based EPA-registered termiticide approved as a primary termite barrier treatment in new construction. It is applied by pest control companies directly to wood and concrete and around foundation penetrations. This creates a continuous barrier that termites cannot cross and eliminates wood as a food source. Bora-Care delivers long-term residual protection for treated wood against termites, decay fungi and wood destroying organisms.

Earn green building points with Bora-Care:

- EarthCraft® (2-6 points)
- NAHB Model Green Home (4-6 points)
- LEED® for Homes (1 point)

### TERMISTOP®: 4 pts.

Termistop Flanges and Blockouts are part of the Termimesh System of Termite Barrier Control. Termistop devices are designed to deliver non-chemical, long-lasting termite protection at the service penetrations through the slab. Once installed, Termistop eliminates these hidden termite entry points because the mesh is too small for termites to squeeze through and too hard for them to chew through.

Earn green building points with Termistop:

- EarthCraft® (2 points)
- NAHB Model Green Home (4 points)
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Contact Lee Barrett  
865.206.4279 • [lee@nisuscorp.com](mailto:lee@nisuscorp.com)

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**For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 29389-22**



[ FLOORING ]

# Walk the Planks

## LEED the Way

DuChateau Floors are antique reproduction hard-wax oil floors in great modern designs originally developed in Holland. The company's latest offerings (Fine Sawn Collection shown here) feature textured hardwood emphasizing the changing grain pattern of the natural wood. Possible LEED points include MR 7, Certified Sustainably Harvested Wood and EQ 4.4, Low Emitting Materials. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 301**



## The Real McCoy

Cikel, a vertically-integrated FSC-certified manufacturer, has launched the Vila Velha collection of exotic engineered Brazilian Cherry hardwood flooring. The hand-scraped, rotary-cut wear layer collection represents "real" Brazilian Cherry, not the maple or oak specie stained to appear that way. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 303**



## Old is New

BR-111's products look as cool as they sound. Each of the company's new Antiquity Engineered products, many with color palettes brand new to the hand-scraped line, offer a classic five-inch plank presentation, thick-sawn wear layer and crystal-clear aluminum oxide finish. The classic planks are created at lengths varying from 12 to 86 inches, adding to the flooring's character. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 302**



## Barns, Factories and More

Introducing Aged Woods new Rescued Maple line. Traditionally, Aged Woods reclaims wood destined for the dump from old barns being destroyed. The latest line is reclaimed from warehouses and manufacturing facilities and refurbished into strip maple flooring. The product contributes to all LEED rating systems for materials reuse. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 304**



## [ FLOORING ]

### Medallions Deserve a Medal

Sometimes that little extra flair will push a sale over the edge. Oshkosh's Noche line includes some great inlays. Shown here is the Windsor. The line can be installed into new or existing wood floors  $\frac{3}{8}$ - to  $\frac{3}{4}$ -inch thick. The inlays are compatible with nail down, glue down and most floating floor applications. These ship unfinished or with Oshkosh's Artisan Finish. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 305**



### Pure as the Driven Snow

There aren't many products that are certified 100-percent-pure by the Forest Stewardship Council (FSC). Mullican's FSC-PURE engineered hardwood flooring products are available in 10 colors, including three- and five-inch hand-sculpted selections. The company's solid domestic Green Haven, for example, is available in 16 different styles. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 307**



### More Bang for Your Buck

Ninety-nine cents a square foot? You got that right. Lumber Liquidators' new line of resilient vinyl flooring, called Tranquility, features the visual benefits of traditional wood flooring, from the wood grain appearance to the unique texture. However, Tranquility is made out of a vinyl material, making it water-resistant, easy to clean and perfect for damp environments, such as bathrooms, kitchens and basements. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 306**



### A Rare Find

Debuted in November, Chelsea Park flooring from Armstrong's Bruce Laminate line is a five-inch individual plank laminate product in an 8mm structure. It sports the company's simple, two-step Lock & Fold process that fits laminate strips together faster and easier than most other laminate floors. Five unique species are offered, including a one-of-a-kind Island Koa, whose hardwood counterpart is so rare it's only found on Hawaii's Big Island and Maui. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 308**



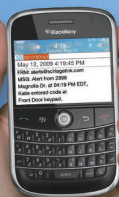


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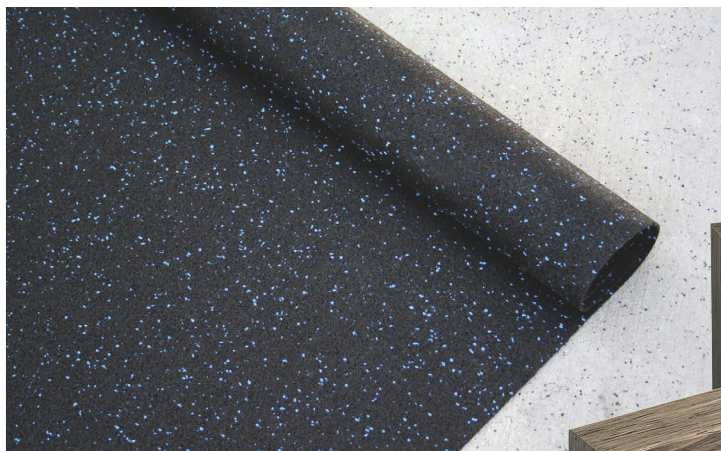
Keystone is proud to be a subsidiary of CONTECH Construction Products Inc.

For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 29389-24



[ STRUCTURAL PRODUCTS ]

# Hold it Steady



## Recycled Silence

No noisy neighbors here. The 170 Sound & Crack Isolation Mat from Laticrete is a 1/8-inch-thick (3mm) underlayment membrane that provides exceptional sound reduction while simultaneously providing anti-fracture protection for tile or stone installations. It's great for multifamily and mixed-use projects where sound control is essential. The membranes are made from 90-percent-recycled materials. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 309**

## Straight and True

iLevel makes the new Parallam Plus PSL using long, narrow veneer strips bonded together with adhesives using a press and microwave process. The boards are available in headers, beams, columns and posts. It is covered by two 30-year limited warranties — iLevel warrants against manufacturing defects and Arch Treatment Technologies warrants against termites and fungal decay. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 310**



## Post Up

Native-American-owned Warm Springs Composite Products have a new eco-friendly post product. The posts are available in any wood species and can be manufactured up to 10½ inches wide and 10 feet long. The company says the posts are made from a MDF core assembled into a hollow square tube which is then flat-laminated with high-quality veneers using no-added-formaldehyde adhesives. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 311**



## Roof Raised

Increase your roof R-values and structural stability with ACH Foam Technologies' R-Control Structured Insulated Panels, which provide R-values of up to R-38. In the application shown here, the R-Control SIPs were installed along the perimeter of the building while Foam-Control nailbase roof panels filled the center of the roof (courtesy of Keystone Homes). **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 312**



## [ STRUCTURAL PRODUCTS ]

### Lighten Up

The Elemix additive from Nova Chemicals uses advanced polymer technology to consistently deliver energy efficient, durable, light-weight concrete. The product improves the thermal performance of concrete and its excellent crack resistance is a benefit for projects in areas that experience several freeze/thaw cycles per year. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 313**



### Keep it Down!

Acoustic engineers at UPC realized that plastic scraps being thrown into landfills by luxury automakers had acoustic properties that could be utilized in sound barrier systems for walls and floors. The dB-3 and dB-4looring install under the drywall and floor. Both can reduce noise transmission by 75 percent and weigh far less than drywall-based sound solutions. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 314**



### High-Performance Panels

We all know Sheetrock from USG — now meet the Sheetrock Glass Mat Liner Panels. These feature a 12-month limited-exposure warranty, are UL-Classified for fire resistance (Type SLX) and can be used in any fire-rated assembly where regular Sheetrock liner panels are specified. The panels get a 10 rating on the ASTM D3273 test for mold resistance and comply with ASTM C1658, C1396 and C1177 section 5.2.5 for water resistance. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 315**



### Breathable Barriers

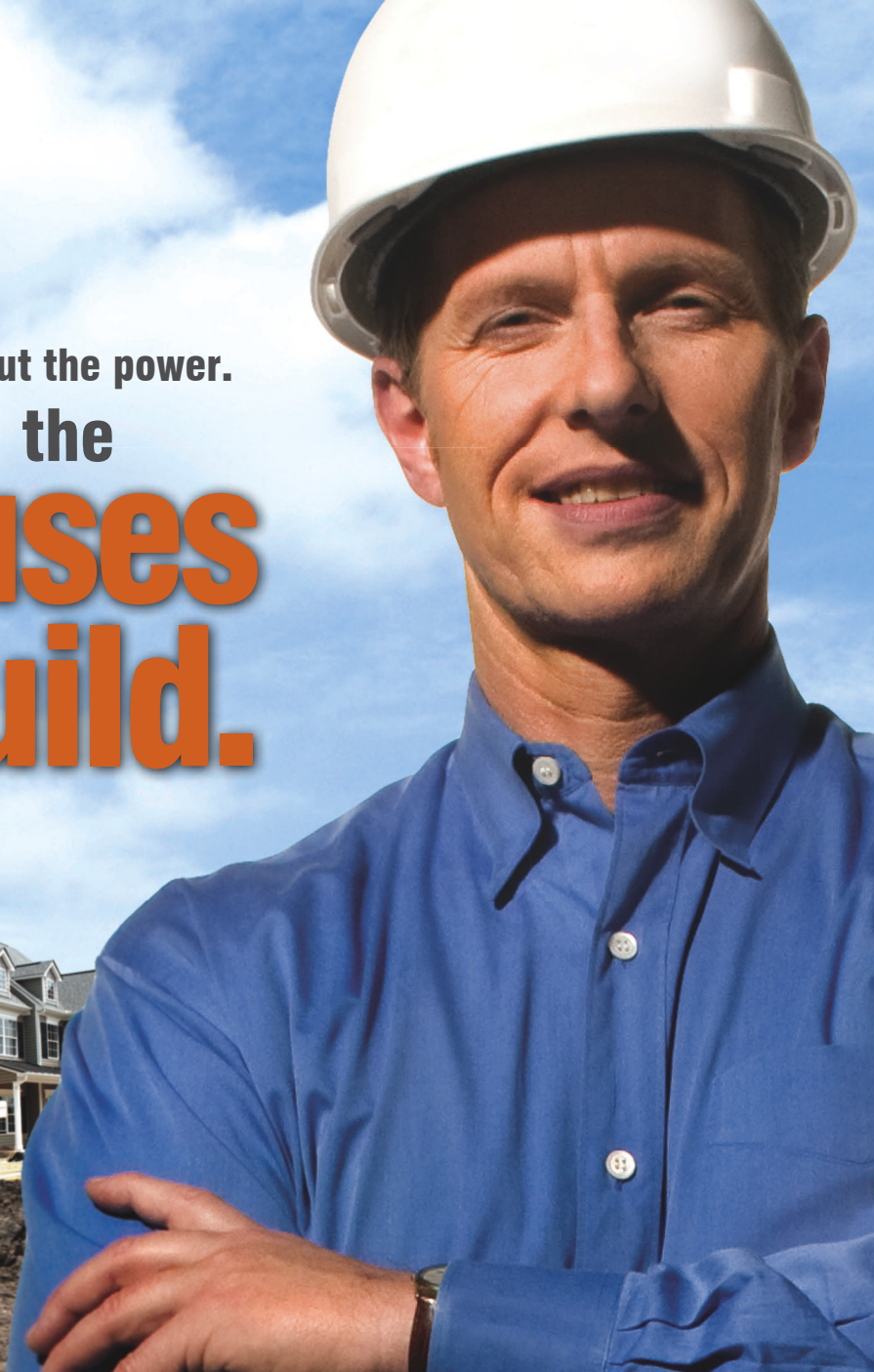
Premier Building Systems (PBS) introduces the new PBS Building Wrap and Weather Barrier for SIPs. The PBS provides a strong, breathable, water-resistant barrier for exterior wall assemblies. Micro-perforations in this new product allow vapor to escape from behind the wrap, while preventing water infiltration. The company's SIP product is made with a super-insulating core of rigid expanded polystyrene (EPS), structurally laminated and pressure cured between two sheets of OSB. **For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 316**





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**VISIT WITH TOM SILVA** from *This Old House* at the International Builders' Show  
Generac booth #N2805

Tuesday, January 19th 2:00-3:00pm

For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 29389-25





Featured at the 2010 International Builders Show - Booth # 4563

# Build better, Build greener

Over 12 years of severe weather testing have proven that the non-metallic preservative plus wood stabilizer in Ecolife™ Stabilized Weather-Resistant Wood dramatically reduces cracking, warping and splitting. And that means **less maintenance** for consumers, **fewer callbacks** for contractors, and **reduced culls** for retailers.

Ecolife™ Stabilized Weather-Resistant Wood provides improved fastener performance and can be used in direct contact with aluminum siding and flashing, even in wet applications. Plus it's backed by a lifetime limited warranty against decay and termites, and its light color makes staining or painting easier. AWWA standardized for above ground use applications and building code approved: ICC-ES Report No. ESR-1851.



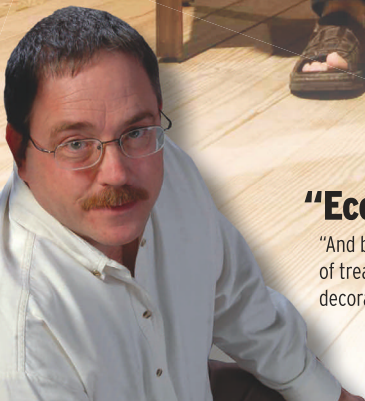
This NAHB Research Center **Green Approved** mark is your assurance that a product is eligible for points toward National Green Building Certification.



## "Ecolife stability means less service calls."

"And because it repels moisture so effectively, it doesn't crack and warp in wet environments like other types of treated lumber. We highly recommend it for framing, substructures, docks, and decks and even mill it into decorative railings and moldings. When it comes to treated lumber, Ecolife is our first choice."

—Bob Heidenreich, Owner The Deck Store, Apple Valley, MN



For more info, go to [HousingZone.com/PBinfo](http://HousingZone.com/PBinfo) and enter # 29389-26



For more information on the full line of Viance treated wood products, call 800-421-8661 or visit [treatedwood.com](http://treatedwood.com)





[ NEW PRODUCTS ]

# Newly Minted

## Smart and Fashionable

The company's MagneDock docking system and optional SmartTouch technology make Brizo's Venuto faucets both user-friendly and durable. MagneDock makes the side wand extremely easy to lift and slide back into place. The Venuto also sports the company's Diamond Valve integrated ceramic valve cartridge. **For more info, go to [HousingZone.com/CBinfo](http://HousingZone.com/CBinfo) and enter # 317**



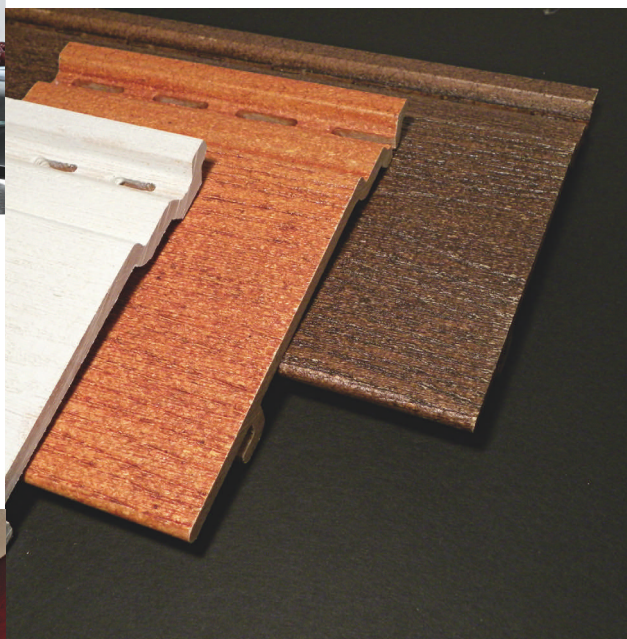
## High Style on the Gridiron

Introducing Urban Architecture and its collection of unique lighting pieces. Shown here is the Gridiron Lantern.

The hanging light, measuring 15 inches high by 10 inches deep with a minimum drop of 27 inches, is made of recycled brass and is available in many finishes. It can be lamped with an incandescent, medium base and is UL-listed for damp locations. **For more info, go to [HousingZone.com/CBinfo](http://HousingZone.com/CBinfo) and enter # 318**

## Her Name Was Alysse

The Alysse from American Olean is glazed porcelain floor and wall tile that looks just like travertine. The collection is available in four tile sizes: 6-by-6-inch wall tile, 10-by-14-inch wall tile, 13-by-13-inch floor tile and 20-by-20-inch floor tile. The floor and wall tile combinations can be complimented by a coordinating, 2-by-2-inch, mesh-mounted mosaic. **For more info, go to [HousingZone.com/CBinfo](http://HousingZone.com/CBinfo) and enter # 319**



## High-Tech Planks

Tech-Plank is made with what the company calls Wood 2.0, which is comprised of 75 percent pine thinnings from sustainable and managed forests. The company guarantees the product for 50 years. And unlike fiber cement, which requires special blades, it can be cut, routed, drilled and nailed using standard tools. **For more info, go to [HousingZone.com/CBinfo](http://HousingZone.com/CBinfo) and enter # 320**



# SVM10

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For more information visit: [www.pbshowvillage.com](http://www.pbshowvillage.com)



A black and white portrait of Denis Leonard, a middle-aged man with a receding hairline, wearing a dark suit, white shirt, and dark tie. He is looking directly at the camera with a slight smile. The background is dark and out of focus.

## Professional Builder

# ROCK STAR

### Denis Leonard

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Denis Leonard brings to Business Excellence Consulting degrees in construction engineering and education in addition to a master's and doctorate in quality management. Denis is a fellow of the UK's Chartered Quality Institute and is a senior member of the American Society for Quality with whom he is a Certified Manager of Quality and Organizational Excellence, auditor and Six Sigma Black Belt. An ASQ Feigenbaum Medalist, he has won several international awards for research publications. He has been a judge and examiner for the Wisconsin Forward Award, Baldrige National Quality Award Board of Examiners, International Team Excellence Competition and the National Housing Quality Award. A former professor of quality at the University of Wisconsin, he has experience in management, engineering, training, auditing and consulting with expertise in strategic and operational quality improvement initiatives. He developed and implemented integrated quality, environmental and safety management systems at Veridian Homes in Madison, Wis., earning them the National Housing Quality Award, Energy Value Housing Award, Innovative Housing Technology Award, NAHB Safety Award for Excellence and *Professional Builder* magazine's Builder of the Year. In 2007, Denis won Big Builder magazine's APEX Award for his work in quality management.

READ HIS BLOG EXCLUSIVELY ON

The logo for HousingZone.com, featuring a stylized white house icon above the text "HousingZone.com" in a bold, sans-serif font.



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[ FIRE SPRINKLER UPDATE ]

# ICC Upholds Mandatory Fire Sprinklers in Residential Code

By Nick Bajzek, Products Editor

In November 2009, the International Code Council (ICC) voted to keep the language related to mandatory fire sprinklers installed in all new one- and two-family homes in the next edition of the International Residential Code (IRC). Fire sprinklers will be mandatory in new buildings beginning on Jan. 1, 2011.

The NAHB, which was against a mandatory fire-sprinkler code, defends its position. Steve Orlowski, program manager for codes and standards, says there's been a misconception that the NAHB is anti-fire sprinkler. "The NAHB has always been a supporter of the ICC and the IRC," says Orlowski. "If you look at all the literature we've put out and shared with our members, you'll see that we're not against sprinklers."

Orlowski stresses that the NAHB looks at many factors that affect the housing market. "The cost of construction is high. We look at everything from a cost/benefit side. What is the market looking for and how can we meet it?" asks Orlowski, adding, "There doesn't seem to be a big push from consumers for fire sprinklers, especially when we look at the performance of smoke alarms in the home."

Darren Palmieri, national product manager, Residential Fire Protection for Tyco Fire Suppression and Building Products in McLean, Va., says, "We are pleased that the IRC Build-

ing Code Committee upheld the decision made by the ICC Governmental Members at last year's hearing to include residential fire sprinklers in the IRC."

Palmieri points to 15-year studies conducted in Scottsdale, Ariz., and Prince George's County, Md., on the effectiveness of their respective sprinkler requirements. Both found that zero fire deaths occurred in home fires when a sprinkler system was present, as compared to over 100 deaths from fires in homes without sprinklers. "We anticipate the IRC sprinkler requirements will result in safer homes being built in the future, reflecting the success that Scottsdale and Prince George's County have experienced," he says.

Builders that choose to install sprinklers before requirements go into effect can offer a true point of differentiation to prospective home buyers, Palmieri says. "They can market the fact that homes with sprinklers are the safest possible homes for families, and in fact, we are already seeing some builders use this successfully," he says. "Builders can also negotiate trade-ups to realize the most efficient use of land and decrease development costs." He says many communities will allow street-width reductions, longer dead-end streets, increased hydrant spacing, additional units and other advantages for developers and builders. **PB**

HOME FIRE SPRINKLERS, such as the Rapid Response sprinkler system shown here, will be mandatory in new buildings beginning on Jan. 1, 2011, per the International Residential Code (IRC).

Photo: Rapid Response



**Professional  
Builder**

# ROCK STAR

## Stephen C. Moore

SENIOR PARTNER | BSB DESIGN

Steve joined BSB as marketing director during the depths of the recession of 1991 and helped grow BSB into one the nation's few truly national residential design firms in the country, now with six offices nationwide. With an architecture degree from University of Virginia, Moore has spent the past 32 years in the housing industry, serving as a staff member of NAHB, a construction superintendent, a home builder production manager and architectural firm manager. As an industry volunteer, Moore has held chair positions on NAHB committees for Design, Multifamily Pillars and the Sales and Marketing Council in addition to positions with the AIA, Multi-Housing World and ULI. He is a frequent speaker at national and regional building industry conventions, seminars and management conferences, speaking on design trends, innovation and construction efficiencies. While as an NAHB staff member, Steve was contributing author for the NAHB publication "Higher Density Housing: Planning Design Marketing" and founded the Best in American Living Awards (BALA), now co-sponsored with *Professional Builder* magazine. In January 2009, Steve was elected to the inaugural class of the BALA Hall of Fame.

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The number of homes (in millions) that are estimated to be heading into foreclosure in 2010, according to Credit Suisse. Approximately three-quarters of the foreclosures (3.2 million) need to be prevented to stabilize the housing market.

**12** The percent of mortgages exceeding **\$1 million** that were 90 days or more overdue in September, according to **First American CoreLogic**. The data shows that luxury homeowners are defaulting at almost twice the **U.S. average rate**.



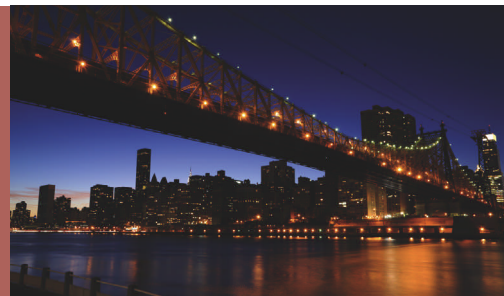
**33** The percent of all real estate transactions in November that involved distressed properties, according to a **National Association of Realtors** survey of **3,161** real estate agents.



**57** The percent of home builders that are planning for increased revenue in **2010** compared to 2009, according to a national survey by **John Burns Real Estate Consulting**.

**59** The percent of homeowners with a siding preference that said they would choose brick over **vinyl, stucco or fiber cement/composite** for their homes, according to a survey by **Harris Interactive** on behalf of **Boral Bricks**.

**17.2** The projected percent drop in housing value in **Manhattan** in 2010, according to a report from **Housing Predictor**. Manhattan is expected to experience the largest value deflation this year, followed by **Las Vegas** (-15.4 percent), **Providence, R.I.** (-13.8 percent), **Miami** (-13.8 percent) and **Newport, R.I.** (-13.6 percent).




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