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Cover/Low-key signage at Olde Mistick Village—a specialty shopping center in Mystic, Conn.—is in keeping with center’s colonial New England theme. Photos: Kirk Russell. Story on page 66.
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'74 starts may dip below 1.5—market's hang-up: unsold homes

The forecasters are now saying aloud what has long been feared—that housing starts will be significantly below the 1.6 to 1.7-million level that has been the standard forecast since the year began.

The National Association of Home Builders led the way, with Economist Michael Sumichrast's switch in early July to a forecast of 1,450,000 starts for 1974.

"The forecast is pessimistic but precludes a disaster," Sumichrast says.

George Christie, economist for the McGraw-Hill Information Systems Co., revised his prediction downward a second time. Last November he had projected 1.8 million starts, but he had trimmed that to 1.7 million in March. His latest estimate: 1,575,000.

Hints that the forecasters were preparing to chop something off their predictions had come from Joseph B. Doherty, president of the National Association of Realtors, and from a Federal Reserve Board governor, Robert G. Holland.

But others in the housing-banking fraternity of forecasters—like John M. Wetmore, director of economics and research for the Mortgage Bankers Assn.—said that "the picture is not as bad as some of the prophets of gloom and doom have made out."

Sales. Wetmore makes this point: Sales of houses are holding up and will continue to hold up, and the industry's problem is to clear the market of the overhang of unsold houses rather than cry wolf at the level of starts.

Sumichrast's forecast for NAHB would, if realized, drop starts to the 1970 level of 1,469,000. That was the low from which the industry sprang to its three greatest boom years. Starts soared to 2,084,500 in 1971, then to 2,378,500 in 1972 and 2,057,500 in 1973.

The new NAHB estimates by quarter for this year—actual starts, not seasonally adjusted—are: first, 323,000; second, 427,000; third, 350,000; and fourth, 350,000. This trend is based on the assumption that "the prime rate will peak in the third quarter" and that "a steady, moderate decline in the rate will result from a more restrained demand for loanable funds."

Politics, etc. Sumichrast admits his forecast is "tentative" and "based on minimal marginal changes in the economic picture." Translated, that means that not much has changed. But the 1.6-million forecast that still "looked quite reasonable" in early May became unsupportable by July, when "hopes of a recovery had essentially disappeared."

At least one Washington observer suggested that the NAHB announcement may have been timed to signal urgency to the conference committee of senators and representatives trying to write a compromise housing bill out of the significantly different versions adopted by the House and Senate.

In 1970, Wetmore says, 485,000 single-family homes were sold, and 227,000 were unsold at the end of the year. By contrast, sales in March-April were running at a seasonally adjusted annual rate of about 580,000 units—"far better so far this year than for the year 1970." Existing-home sales, Wetmore noted, "hit their low last fall and then bounced straight back up very strongly."

With employment holding up well, and relatively high levels of income, Wetmore says, there will be strong housing demand. Sales will drop off some this year, "but they are not going to be down to the 1970 level."

Too many starts? As to the level of starts, one of the problems is the big overhang of stuff already in the pipeline, units that have already been started. Sumichrast agrees that rising incomes "should also draw some of the pent-up demand into sales in the fall and reduce the stock of unsold units." Improved sales, he says, "will tend to encourage builders grasping for any thread of hope."

Wetmore referred to the trend of construction failures and bankruptcies as an indicator that a higher level of starts may not be the wisest policy when the housing market is trying to work off the output of three record-production years.

Dun & Bradstreet reported 580 building-company failures for January through April this year, compared to 433 in the same four months of 1973. The liabilities, though, totaled $150.8 million compared with $79 million.

—H.S.

Jim Price dies at 62, founded National Homes

One of the shapers of the housing industry died this summer: James R. Price, who founded National Homes with his brother George in 1940 and built it into the nation's largest factory housing producer. Jim was felled by a heart attack June 28 in Lafayette, Ind., where he lived and where his company had its headquarters.

Price had retired from National Homes last year after serving as chairman of the board and, until a year before his retirement, as chief executive [News, Dec. '73].

Founded on a pooled investment of $12,500, Jim's company had grown to a giant with a stockholders' equity of more than $70 million and a sales volume of $201 million in the year of his retirement. It sold 27,000 units in 1973.
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Talk with your Dexter supplier about using these new designs to highlight the architecture or room decor of the homes you're building. They could be the "just right home accents" that will add an extra measure of sales appeal.

home fashion shows

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The Nixon Administration nev­er cared much for the new-commu­nities program—and that is beginning to show. There are now distinct signs that the pro­gram may have peaked and that it may be radically changed or abandoned.

As a tip-off, take Beckett.

Last October, a subsidiary of the W.R. Grace con­glomerate became the 17th de­veloper to win government ap­proval of a plan to build a new town. The community of Beck­ett was to rise (in 7,200 acres in New Jersey, housing 60,000 people in 29,000 units 15 miles from Philadelphia and 10 miles from Wilmington, Del.)

W.R. Grace Properties Inc. got an okay from HUD's New Communities Development Corp. to issue $35.5 million in bonds backed by the Treasury.

The drop-out. A bond com­mitment is highly prized. It en­ables a developer to get the kind of long-term money he must have to undertake a 20-year project—the planned development of a small city. Up to now, new­town bonds have been floated at rates below 8%, with  one exception at 8.5%.

But shortly after getting the green light from HUD, Grace exec­utives told Alberto F. Trevino Jr., the new general manager of HUD's New Communities Ad­ministration, that they were dropping out. They would pro­ceed to develop Beckett conven­tionally, without HUD's bond guaran­tory.

Danger signals. Grace's no-go decision is just another sign that the new-communities program is in for a big shake-out.

The key signs are:

• the backlog of applications has been cleaned out, with only a handful of live applicants still in the pipeline (see box);

• only two or three of the applica­tions still in the pipeline are expected to be approved in the next 12 months;

• many if not most of the new towns already approved are or will be seeking HUD's approval to issue more bonds than the original maximum amounts allowed them;

• it is now acknowledged by industry sources and Trevino that some of the projects may go under, and HUD may have to foreclose and pay off the bondholders' full investment.

Warning. In one of its doc­uments, HUD has pointed out that "the heart of the capacity to provide a relative degree of secu­rity to private investors and to the HUD bond guaranty lies in the accuracy of projections for the market in the new community for industrial, residential and commercial land."

The ability to hang onto land sales—for housing, commercial or industrial development—is the critical factor in generating the cash flow sufficient to carry the interest charges, overhead and other operating costs.

The whole new-town program is undergoing a re-evaluation similar to that which the Admin­istration gave to the subdi­vided housing programs.

A harder look. Representative Thomas L. Ashley (D., Ohio), an influential member of the House Banking Committee who led the fight for the new-communities program in the Congress, now says "it may be necessary to re­shape the legislation." He has scheduled hearings after the election this fall, and they will be held in several new towns as well as in Washington.

The failure of the Nixon Ad­ministration to seek funds for any of these grants has made it clear that all they can expect from the Administration is the loan guaranty.

Problem towns. On the record, HUD has named three of the new towns as having had problems—St. Charles in Maryland, Riv­erton in New York and Cedar-Riv­erside in Minneapolis. During appropriations hearings on May 28, Chairman Edward P. Boland (D., Mass.) of the housing sub­committee recalled that HUD officials had said a year earlier that they "had no serious prob­lems with the possible exception of St. Charles, and so he had asked what the current situation was.

Trevino replied that "all real­estate ventures are having dif­ficulties in the current market and added that HUD had re­solved problems at St. Charles and at Riverton. He went on: "Cedar-Riverside . . . is our cur­rent crisis, let us say. I believe we will be able to solve that problem as well."

Million for consultants. Tre­vino is preparing to spend up to $1 million with one or perhaps two consulting firms for a year­long investigation of the finan­cial and management factors af­fecting the success of seven of the federally assisted towns. Jonathan, St. Charles, Park Forest South, Flower Mound, Riverton and Gananda are on Trevino's must list for evalu­ation.

The consultant is to choose one other town from this group: Maumelle, Cedar-Riverside, the Woodlands, San Antonio Ranch and Radisson. The consultant will also select two from the follow­ing non-federally assisted communities: Columbia, Md., Reston, Va., Mission Viejo, Calif., Valencia, Calif., West Lake Village, Calif. and Lake Havasu, Ariz.

The consulting firms compet­ing for the contract, to be let around October 1, are, ABT Associates, Cambridge, Mass.; Ul­trasystems Inc., Newport Beach, Calif. and Consan, Alexandria, Va.

—D.L.
Now you can glue Bruce oak planks to concrete.
You used to get a lot of mumbo jumbo if you asked for plank floors on concrete. Now you get oak planks that glue right to the slab.

The new way. No more screeds.

Up 'til now, putting oak plank floors on a concrete slab was a real chore. Time-consuming, tedious and expensive. We have changed all that. Now it's almost as easy as laying hardwood squares. No more screeds and/or plywood as a sub-floor for nailing. Because nailing isn't necessary with Bruce Village Plank. It goes down in adhesive just like blocks. No more varying the height of the slab to compensate for the thickness of subfloor and 3/4" thick planks.

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Bruce Village Plank is all hardwood veneer construction. Cross-graining makes it highly stable. Tongues and grooves on sides and ends simplify installation. Each plank face is genuine oak.

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Cartons contain either 25 or 50 sq. ft. in equal lineal footage of 3", 5" and 7" wide planks in lengths from 12" to 5'.

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Proxmire, as Senate housing chief, would revive subsidies

Washington now assumes that William Proxmire will take over the chairmanship of the Senate Banking Committee and its housing subcommittee from John Sparkman next January.

That being the case, the housing industry can count on an outspoken advocate in three powerful posts. For Proxmire will continue to hold the chairmanship of the Senate Appropriations Committee and housing subcommittee, and thus will be as he has been since August 1973—the senator with the most leverage on HUD's budget.

In contrast to Sparkman's southern style and soft-sell approach, Proxmire, who is also a Senate liberal, is definitely a maverick. He has been since he came to the Senate in 1957. He is aggressive, articulate, energetic and indefatigable in pursuing those causes that he takes up. Unlike Sparkman, he's a crusader.

And homebuilding is one of Proxmire's causes. One observer puts it this way: "He's a fanatic about housing."

No friend of banks. Proxmire is not a member of that inner club of Southerners and old-time committee chairmen that is supposed to run the Senate. Sparkman is a club member, and the housing and banking industry could count on his membership in that inner circle when the crunches came.

The bankers fear Proxmire, and they supported Senator J. W. Fulbright's primary campaign in the hope of keeping him in the Senate to ward off the shift in power from Sparkman to Proxmire. "It will be the first time in decades—maybe this century—that the Senate chairmanship hasn't been owned by the banks," according to one observer.

Admonition to Lynn. Proxmire is direct, and he is not inclined to compromise his differences on policy or programs.

This year, as chairman of the housing subcommittee of the Appropriations Committee, he opened the hearings by telling HUD Secretary James T. Lynn: "You are one of the most likeable, personable and intelligent witnesses to appear before us. The problem we face, however, is not your personality but the cold, hard fact that the Department of Housing and Urban Development should be called the department of too-little-housing and too-little urban development."

Subsidy plea. Proxmire's position is staked out. He's staunchly in favor of the section 235 and 236 subsidy programs, and he thinks that they'll be proven to be effective.

"They worked very well in Milwaukee," he argues. "A very large proportion of the families have reduced their subsidies and something like 16% are completely off the section 235 subsidy. So here was a program which was just ideal. And they killed it."

Proxmire believes that it is important to keep the section 235 and 236 programs alive for the next couple of years.

"Say we have a new President in 1977 with an open mind on this thing," the senator goes on. "We'd be in a strong position to say, 'Let's give this program further opportunity'. . . . I don't think it was given a fair trial. I'm perfectly willing to go ahead with the housing allowance. There's nothing wrong with that. Of course, one of the big parts of it will be in Green Bay, Wis., my own state, but I'd be for it anyway, as a trial to see what it would do."

Criticism of trial run. Proxmire doesn't think HUD is going about the housing allowance in the right way. He explains:

"They aren't trying it anywhere where you've got a big city. Green Bay is probably the biggest they've got . . . they say the big cities are too big to try it in."

The senator says he still thinks it would be useful to have a real test of mass production in housing—the kind he sponsored in the 1968 Housing Act. It called for five producers to turn out 1,000 units each for five years, "in other words, 25,000 units in all."

Secretary George Romney never tried it, Proxmire says, "and Lynn hasn't done anything with it either. . . . We think there's a real possibility of reducing the cost, although I must say the builders have testified that, while the cost has gone up very sharply in the last few years, it has simply kept pace with incomes."

"Some 20 years ago the cost of building a house was 2 1/2 times median income and today it's still 2 1/2 times median income. . . . We should be able to do better than that. We should be able to get the cost down and I think the way to do it is with what we called Operation Breakthrough. But they took it and mixed it up and didn't end up with an Operation Breakthrough at all. We think that costs can be reduced."

Housing goals. Proxmire is still for the 2.6-million-a-year housing goal which, he points out, "was my amendment in the 1968 Housing Act—the Proxmire amendment. That provided for 25-million starts over ten years."

But the senator thinks that "we have to take a look at it from time to time. . . . It doesn't mean we have to establish another at exactly the same level. It might be a different mix. . . . I think goals are a very useful device. There's great resistance, of course, in any administration because they don't want to be held accountable."

—D.L.
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Decorator touches you can plan on.

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CIRCLE 13 ON READER SERVICE CARD
The sales opportunity of the year: it's as big as all indoors.

There are lots of things you do to build lasting quality into a home. Unfortunately, some of them cannot be seen by your customers. But one kind of quality that is visible is wood panel and louver doors — inside and out.

Wood panel and louver doors can really work hard to help sell the homes you build. They're a symbol of your careful thought and planning. And an indication of the quality that makes your homes a worthwhile investment for the customer. That's why so many builders use wood panel entrance doors. But there's no reason to stop there.

Panel doors add character to every room.

Good doors are like good furniture — they bring character to each room. No matter what the decor, carefully sculptured wood panel doors will enhance the beauty of any room. And your customers will be the first to notice. Not only at the front entrance, but all through the house.

For instance, French doors can change a dining room from just a place to eat into an elegant dining experience. With deep sculptured bi-fold doors, a closet becomes a design accent instead of a hole in the wall. Swinging cafe doors give kitchens a light, perky touch. Even the utility room brightens up with an attractive (and practical) louver door.

And, of course, sliding wood patio doors do an excellent job of tying indoors and outdoors together. (Their greater insulation quality means less heat loss than with metal patio doors, too. That's an important consideration with the current need for energy conservation.)

Panel doors for every design.

Wood panel doors offer you a great choice of designs and styles. Whether your homes are traditional, colonial, Spanish, modern or something else, there's a wide selection of quality wood panel doors to complement any design.

And wood panel doors help you keep the design theme going throughout the house — from the front
door to every room. The panel and louver doors pictured here are just a few examples of the dozens of types and styles that you can use to tie every room into the total design of the house.

Consumers prefer wood panel doors.
In three major surveys conducted in 1968, 1970 and 1972, consumers in 39 states reported what they want most in doors, what kind of door they prefer—wood panel or flush—and why. The results clearly indicate that preference for flush doors has fallen while panel door preference is increasing.

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<td>26%</td>
<td>24%</td>
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<tr>
<td>No Preference</td>
<td>5%</td>
<td>10%</td>
<td>9%</td>
<td>13%</td>
<td>20%</td>
<td>14%</td>
</tr>
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% who prefer panel or flush doors for exteriors

<table>
<thead>
<tr>
<th></th>
<th>Front, Main Entrance</th>
<th>Rear, Other Entrance</th>
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<tbody>
<tr>
<td>Panel Doors</td>
<td>1968: 59% 1970: 64% 1972: 63%</td>
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<tr>
<td>Flush Doors</td>
<td>1968: 36% 1970: 26% 1972: 28%</td>
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<tr>
<td>No Preference</td>
<td>1968: 5% 1970: 10% 1972: 9%</td>
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</tbody>
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% who prefer panel or flush doors for interiors

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1500 Yeon Building, Portland, Oregon 97204
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Organization:
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House cuts $2 billion in block grants from HUD's budget

The $3.2 billion the House has approved for the Department of Housing and Urban Development for fiscal 1975 is about $2.1 billion short of what the Nixon Administration requested. That's because the congressmen decided not to vote money for the non-existent Better Communities Act, the new program the Administration proposes as a way of passing block grants along to the cities for financing community development programs.

The Appropriations Committee told the House that it "has doubts that a new community development block-grant program can be placed in place and operating by January 1, 1975." Hence the House said it would consider such a request if and when the House and Senate agree on such a program as part of this year's housing legislation.

Add-on for cities. To fill the gap left by the deletion, the House approved $200 million in additional funds for urban renewal. That will be added to $600 million to be given to the cities during the April-June quarter, providing $800 million in transition funds. Another $125 million was added to the model cities program.

The report submitted by the HUD subcommittee chairman, Representative Edward P. Boland, is sharply critical of the Administration's revised section 23 leased-housing program. It cites evidence that it will be "substantially more expensive than any of the existing programs" if the direct subsidy costs are used as a basis for comparison.

Costs. Boland told the House that his committee was not interested in killing the new (section 23) program.

"On the contrary, if it does not cost the sun and the moon, we will support it," Boland said. "But we would not be meeting our responsibilities if we did not ask: "What will it cost?"

Figures provided by HUD showed that the per-unit subsidies for section 23 leasing would cost more than those for any other program (see box). And while HUD offered another comparison that attempted to incorporate all costs—that is, to figure the loss of taxes in with the program costs—the committee reported that even this study "reveals that the revised leasing program is somewhat more costly, or at a minimum, is no less costly than the existing (subsidy) programs."

Bow to section 236. In view of the cost comparisons, the committee directed that none of the money for salaries and expenses of housing production and mortgage credit staffs be used to administer the new section 23 revised leasing program "without the companion administration and implementation of the full unused balance of the section 236 contract authority currently available."

The committee said, would give a basis for comparing the cost of the two programs on a current basis.

The committee found that the revised section 23 program "fails to satisfy the three main objections" (Secretary James)

Builder runs minibus for project; it's so successful, he'll extend service

A "fuel-pool express" initiated by builder-developer Ronald J. Monesson has been a hit with residents of his ChimneyHill Townhomes in Dallas.

Monesson & Co. spent $7,000 to $8,000 to set up the community bus service. That includes purchase of a new 12-passenger bus, a $2,000 paint job and promotion of the service. The bus connects the project with a Dallas Transit Co. park-'n'-ride station five miles away. There, riders catch buses that take them the 11 miles to the business district.

ChimneyHill has 104 units but will soon open a new section.

Expansion. Monesson says his bus has been so successful he is planning a similar service for other ChimneyHill communities in Austin, Tulsa and Indianapls. He instituted the service, he says, because he believes the "present drive for energy conservation can be successful only by the cooperation of everyone—industry, the city, the community and the individual."

A full-time employee drives the bus but fills in on other jobs in off hours. From 7:30 to 8:30 a.m. and from 4:30 to 6 p.m., the bus runs every 30 minutes. From noon until 3:30 the bus runs to two shopping centers in north Dallas.

The bus was refinished in a buff color with the ChimneyHill logo in five colors on the front doors and the name "ChimneyHill" repeated in these colors on the rear side panels.

Big brother. The rationale, says Monesson, is that "we present ourselves as community builders, and that implies a concern and consideration for every aspect of life in one of our developments, even after the homes are sold and occupied. When we broached the subject of the bus at a recent homeowners meeting, they were unanimous in their appreciation for the service."

"During the first two months the bus averaged 25 to 30 riders daily, and with fewer cars on the road," says Monesson, "that means that much gasoline is saved, and there is that much less congestion and that much less pollution."

—LORRAINE SMITH McGraw-Hill News, Dallas

Twelve-passenger van is being run by Dallas developer as fuel saver. It takes subdivision residents to regular city bus stop as well as to shopping centers.
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CIRCLE 19 ON READER SERVICE CARD
FHA rate—for builders who still remember FHA—goes to 9%

The allowable interest rate on FHA-VA home mortgages was jacked up to 9% on July 8 in a scramble to keep the ceiling in some degree of proximity with soaring yields in the capital markets.

Banking's prime rate, for example, hit a record 12 1⁄2% at Central National Bank of Cleveland, although bigger banks were striving mightily to keep their prime from going beyond 12%.

The mortgage ceiling had been at 8 3⁄4% since May 13. The new rate was set simultaneously by the Veterans Administration and by the Department of Housing and Urban Development.

The department had reported that the effective rate of FHA-VA loans, taking into account the discount points demanded by lenders, had actually reached 9.21% in the first week of June (the latest figures available) compared to 8.95% in early May.

Lynn's stand. "This continuing rise in the cost of money," said Secretary James T. Lynn, "forces us to increase the maximum FHA rate so that prospective homebuyers will continue to have access to FHA-insured mortgages."

Lynn said that when the FHA rate was at 8 3⁄4%, mortgage lenders were charging so many discount points that they were discouraging both buyers and sellers.

Walter B. Williams, president of the Mortgage Bankers Assn., said lenders had been asking as much as eight points. That meant that builders were paying an extra 8%, or $2,400, to get a $30,000 mortgage. Williams called the rate increase "inevitable and essential."

Different view. Another nationally recognized mortgage expert said, however, that the increase would have no appreciable effect on the availability of mortgages. Davis S. Engelman, executive vice president of Mortgage Guaranty Insurance Corp. in Milwaukee, insisted: "All it means is that lenders will charge fewer points."

Minimal impact. The higher FHA-VA rates were expected to have only a minimal impact on the housing market because government-backed loans now account for such a small percentage of mortgages.

Home starts covered by FHA mortgages averaged fewer than 3,000 a month in January-April. That was half last year's level and only one tenth of the FHA production in the same period in 1970-72. The FHA's multi-family production is down to about 5,000 units a month.

A no-grow book builders should read

Football coaches scheme to learn opponents' strategy; great nations employ spies. Builders facing opposition from environmentalists are more fortunate: They can buy the lowdown from Stanford University for $2.75.

Stanford's Environmental Law Society has published A Handbook for Controlling Local Growth. It is intended primarily as a short (118 pages) manual for Californians bent on slowing growth, but it includes a basic summary of available tactics for organizing and for blocking development everywhere.

Builder as target. The manual depicts developers as the principal villains. Sample: "Developers will often gibbly argue for growth in terms of increased revenues to the area, creation of new jobs and meeting the needs of the area's projected growth . . . Such proposals fail to account for (negative aspects) . . . Such statements are perfect targets for attacks by growth-control advocates."

Techniques. The means at hand are made clear:

... "Newspapers will generally find growth-control activities newsworthy, and if they are behind the group's goals may do away with the need for paid advertisements."

... "Local officials have come to expect apathy on most issues, fifty or sixty (letters or phone calls) may have a tremendous impact on officials' conclusions."

And there are sections on what to do if letter-writing doesn't work: "Overriding the policies of elected officials" and "The election of responsive officials."

There's encouragement of direct legal attack against developers, too: "Lawsuits . . . can be an effective delaying tactic in order to force compromises . . . Extensive delay may even force the developer to abandon his plans due to financing difficulties."

Developers will surely disagree with much of the book says, but they can scarcely afford to be unaware of its contents.
—H.S.

The FHA starts for the first four months numbered only 31,000 compared to 64,200 in the same period last year. There were 130,000 units started in the same months of 1972.

Homes sold with FHA mortgages accounted for only 5% of all homes sold in the first quarter. The figure had been 13% for the same period of 1973.

U.S. Home sues

U.S. Home Corp. has sued Ernst & Ernst, a Cleveland-based firm, over its auditing of 3H Building Corp., an Illinois builder U.S. Home acquired in 1972.

The suit alleges that the firm violated federal securities laws and negligently audited the company's books. U.S. Home seeks $8 million in damages.

In February 1974 the builder brought similar charges against former 3H directors, asking $110 million.

For fiscal 1972, the 3H company had reported earnings of $850,000. Last year, a reaudit by U.S. Home's auditors, Arthur Andersen & Co., found 3H had instead suffered a loss.
Good design needn't cost more.

A prime example is our Medalist Decorator line. Here's a line of heavy duty spec grade wiring devices that can cost less than conventional looking wiring devices of comparable grade. Yet they are so well designed that they can be specified for installations in a variety of environments.

Electrical specifiers are interested in how wiring devices look. And particularly in how they perform. Quite frankly, they look superb. And they perform superbly.

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Nowadays, it's rare to have a choice between the ordinary and the beautiful without it costing an arm and a leg. Slater gives you that choice. Take this opportunity to defeat the ordinary. Specify Slater.

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SAVE FUEL.

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Perma-Shield Windows won't warp, stick or bind, either. Thanks to the perfect combination of rigid vinyl and stable wood.

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CIRCLE 23 ON READER SERVICE CARD
New Ginny Mae boss brings can-do reputation to tough job

Daniel Kearney has a tough act to follow, but his record suggests he will do well.

Kearney, named at 35 as the new head of the Government National Mortgage Assn. (Ginnie Mae), inherits an $11.5-billion mortgage securities program that predecessor Woodward Kingman had built from zero since 1970.

Now Kearney, tapped by President Nixon to move from a post as deputy assistant secretary of the Department of Housing, will have to keep the show rolling. And he will have to solve some other problems as well.

But around Washington Kearney is rated one of the more capable members of the HUD bureaucracy. He played a large role in developing the housing subsidy program that HUD has been using since exploitation of sections 235 and 236 led to nationwide scandals. The program Kearney helped work up, section 23, is an extension of an obscure provision of the housing code to permit leasing of new and existing housing.

'Very good man.' "He's a very, very good man," says Steven Sheppard, president of the Ginnie Mae Dealers Assn. in New York City. "We got to know him while he was director of the Illinois Housing Development Authority." Kearney was with the Illinois HDA before coming to HUD in 1973.

"This is a pretty big industry now," Sheppard goes on. "Ginnie Mae has got to keep this mechanism well oiled so it functions."

That means preventing paperwork problems from clogging the market for pass-through securities.

"The other thing Kearney might do," Sheppard adds, "is to dream up a pass-through program for conventional mortgages, which would give this market a shot in the arm."

Fuss develops over redlining by the S&Ls—but there's no rule against it

The Federal Home Loan Bank Board is coming under attack for permitting savings and loans to curtail lending in certain neighborhoods of major cities. The practice, known by the pejorative redlining, is usually considered by the S&Ls to be prudent underwriting.

Richard Platt Jr., 41, director of the board's office of housing and urban affairs (and director of the Federal Savings and Loan Insurance Corp.), has, with other officials, met in many a long and turbulent meeting with outraged protesters on the redlining issue. He expresses a personal belief that the S&Ls have a responsibility "to serve the community where they get their raw material—their money."

Into neighborhoods. Platt is spearheading the board's neighborhood housing services program, now in a pilot stage in 18 cities, to encourage and make possible conventional residential financing in center cities. This centers on the extremely difficult task of getting an entire community, businessmen, politicians and residents, to work together to prevent urban decay.

Understandably, perhaps, the program includes a "high-risk revolving loan fund" of monies put up mostly by foundations for making residential loans to businessmen think are too risky.

Lack of rules. The fact is, however, that except where redlining results in racial or sex discrimination in lending (or vice versa) the board has virtually no power to prevent an S&L from restricting or stopping lending entirely in a neighborhood. The word redlining doesn't appear anywhere in the statutes or administrative rules under which the FHLLB operates.

To some of the board's critics the situation is almost perverse. To establish an S&L applicant must show a need for the service in their community. Yet the Owner's Loan Act of 1933, in providing for these local thrift institutions "in which people may invest their funds," has no requirement that one cent of those funds be invested in the home community.

Inaction. Some residents who feel they've been victims of redlining think the FHLLB should be given direct authority to deal with the situation, regardless of whether sex or racial discrimination is involved. This would take congressional action, and that isn't likely now.

Aside from the problems of defining redlining and establishing that it exists in a community, the notion of interfering with management prerogatives (except to insure financial soundness and compliance with legal requirements) runs completely counter to existing philosophies of S&L regulation.

Ban on bias. For its part the board clearly thinks it is already doing about all it can, or should do, to resolve the redlining issue. For example, mandatory full public disclosure of exactly

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Ban on bias. For its part the board clearly thinks it is already doing about all it can, or should do, to resolve the redlining issue. For example, mandatory full public disclosure of exactly
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Gurney indicted in HUD scandal; 39 in building industry cited

Senator Edward J. Gurney of Florida and six others have been indicted by a federal grand jury on charges of selling their influence with HUD's Florida office to contractors and real-estate developers.

The jury, sitting in Jacksonville, charged that Gurney also pressured HUD employees to approve housing contracts and mortgage insurance for the builders and in at least one case, instructed a HUD employee not to award a project contract. The 33-page indictment accuses Gurney and others of extracting at least $223,000 from builders in the last three and a half years. This money allegedly was collected for Gurney by Larry Williams, a former Gurney aide, and is channeled to his friends and commuters in his scandal [News, Jan. et seq.].

Collections. Williams was hired, the grand jury said, to collect the money, which allegedly was used for Gurney's personal and political expenses. The jury also accused Gurney of soliciting and accepting as a bribe a free condominium apartment valued at $67,000 in Vero Beach, Fla.

Finally, the jurors accused Gurney of lying about the growing scandal to a grand jury in May 1973.

The indictment grew out of a year-long investigation by the federal grand jury, the FBI, the IRS, HUD, the Department of Justice in Washington and U.S. Attorney's offices in Jacksonville and Miami.

Charges. The senator was specifically charged with one count each of bribery, conspiracy and receiving unlawful compensation and four counts of making false statements to a grand jury. In Washington, Gurney said: "I maintain my absolute innocence of any wrong-doing."

Earlier this year, another indictment against Gurney, for allegedly violating Florida state election laws, was thrown out by a county judge in Tallahassee.

Others accused. Two HUD officials were indicted with Gurney: Wayne Swiger, director of the agency's Tampa insurance office, and Ralph Koontz, special assistant to the Florida area director for HUD.

The jury indicted two other Gurney aides, former administrative assistant James L. Groot and executive assistant Joseph Bastien, and two prominent Florida Republicans, Earl M. Crittenden and George Anderson, both of Orlando.

The grand jury also named no fewer than 42 individuals as unindicted co-conspirators. This list included Larry Williams, Miami builder John Priestes and former south Florida FHA director William Pelski, all of whom have admitted roles in the bribery case and have pleaded not guilty. The 39 others named were:

Alfred Austin, Tampa builder; Forrest Howell, former FHA director in Jacksonville; Roy Prock, building company executive in Indianapolis; Charles Ware, a builder in Perry, Fla.; John Stockey, lawyer for a building company in Atlanta; Leonard Burpee, a Jacksonville mortgage broker; J. Gene Burris, Indianapolis lawyer formerly with Prock's company, Max Cogar, south Florida builder; Walter Cowart, Miami builder; Sumner Kramer, Miami builder; Curtis Kendall, West Palm Beach builder; William Friedlander, Miami lawyer; Lee Bass, Orlando builder; Theodore Baumgartner, Perry builder; Chet Burchette of Winter Park, Fla.; an officer of Creative Housing Inc.


Three of the 42 are dead:

Walter Dean of Panama City, John Dye of Orlando and William Towers of Jacksonvile.

Activities. Ronald Stewart is president of Vanguard Construction Co. in Tampa, which built six FHA-subsidized projects in Florida. Poole and Glantz are also associated with Vanguard. Goodman was associated with a firm that got 100 low-income commitments. Kramer is listed as president of Oakland Consolidated Corp., which got FHA commitments for low-income townhouses in Dade County [including Miami]. Edwards participated in three low-income projects of 100 units each, written off of Sebastian Corp., which built two subsidized projects in Palm Beach County. Architect Reeves and the late John Dye got FHA approval for three projects but none was built.

—I Fred Sherman

McGraw-Hill News, Miami
"The entry is what your customer sees first. Impress him here and it helps sell the house."

Tom Overstreet is a custom builder and developer in Houston, Texas. He builds about 100 homes a year, $55,000 to $90,000.

"I consider the entryway the most important aspect of all my houses. This is what the customer sees first. If he's immediately impressed with a good-looking door, this certainly helps sell the house."

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Tom Overstreet uses Nord doors, like the multi-panel Sierra 21. "They're a quality product. They're good-looking. And Nord doors save a trim man half-a-day's on-site labor, which is a significant amount of time in this industry."

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Houston custom builder Tom Overstreet with Nord's Sierra 21 door.
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Every time high interest rates cost you a sale, it costs us a sale. So we've put together a pamphlet for buyers. It's "Homebuying Considerations for the '70's.'

It contains some pretty potent facts and figures. It gives your prospects hard, dollars and cents reasons why they're money ahead to buy now instead of waiting.

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**NEWS/MANAGEMENT**

**Larwin blow-up: Larry Weinberg and Mike Tenzer out—CNA man in**

A shakeout at The Larwin Group Inc. has left the big homebuilder without its founder and with CNA Financial, the parent company, firmly in control.

In a recent series of surprises:
- Lawrence J. Weinberg, who founded Larwin 26 years ago and sold it to CNA in 1969, resigned as chairman and chief executive officer.
- Weinberg was replaced by A. Bruce Matthews, 50, senior vice president of CNA, who has headed CNA's Financial Services Group since he joined the corporation two years ago. Weinberg remains as a CNA director and executive commit­tee man, but he has quit as CNA's senior vice president in charge of real estate.
- Michael Tenzer, senior vice president of Larwin and president of the single-family housing division, with the company 11 years, resigned the day after his five-year contract with Larwin expired on June 30. [Richard L. Weiss was hanging in there as Larwin's president.]

**Invitation to go.** Tenzer will not be replaced. He said so himself, and CNA confirmed it. In a press release, Tenzer also said this was the "most appropriate time" to "pursue a variety of business interests in the housing industry."

Weinberg's resignation was not expected so soon. His contract was up in September and industry sources had been looking for Weinberg to follow his contemporaries in the industry and leave Larwin after the CNA takeover. In fact, Weinberg was persuaded to leave early by CNA's Chairman Elmer Nicholson, who now takes a firmer hold on his homebuilding subsidiary.

**An explanation.** Weinberg said in an interview: "I talked to Nick about the fact that my contract was to expire in September and I told him I would not leave the company in the lurch under any circumstances. These are difficult times for the industry and for Larwin.

"He [Nicholson] said, 'Look, you're in the midst of working out again'—for several times we've done this in the last year or so, a restructuring based upon a new level of volume. He said, 'If you're really not going to commit yourself to stay with the company, then maybe what we ought to do is talk about having the other people who are going to continue with the company actually do the redesigning of what this new operation should be like, because they're going to have the responsibility of carrying it out.' And I said 'OK, that makes a lot of sense.'

"We talked about different ways of succeeding me. Nicholson principally came up with the team of Matthews and Weiss, and turned it over to them at the present time rather than waiting until September or some subsequent time."

**My baby.** Weinberg, who calls Larwin "my baby," says that "for every human being there has to come a time when he looks for other alternatives that may be better for himself... The academicians had something very wise going for them—namely, at the end of every sixth year they take a sabbatical, after which they can go back to their jobs or start new careers."

Weinberg says he will become more deeply involved in political and charitable activities, and in "personal investments."

Weinberg, Tenzer and other past and present Larwin officials—including President Weiss—have other "personal" matters to contend with. Most are involved in a $45 million class-action suit charging that they committed fraud with Larwin's books. [News, May].

**Cutbacks.** Tenzer said his resignation was due, in part, to providing the "new senior management of Larwin the chance to complete current reorganization and restructuring efforts."

The details are unclear, but Larwin has been cutting staff for some time. Late last year a vice president resigned and has not been replaced. Larwin's public relations staff has slipped from seven employees to one full-time in a year, and that official says he plans to resign.

Early this year Larwin announced that it would prepare for "conservative" homebuilding by "sizable reducing" its work force.

**Tighter rein.** The shifts are viewed as an exercise of increased CNA control over the money-draining Larwin. Matthews gives CNA a firmer handle on Larwin's operations. Tenzer said CNA officials "probably feel they are now in a position for an association with Larwin that will be better than in the past." Weinberg says the appointment of Matthews gives Larwin "additional perspective."

Matthews himself said: "Before, we left Larry pretty much alone to run Larwin. We're pulling up tight. We're pulling up tight so we'll be ready to move ahead as soon as the housing market gets going."

**Hint of dispute.** One result of the changes may be, never the less, to intensify simmering struggles between the forces in Beverly Hills, where Larwin is located, and Chicago, where CNA has its command post. Says one former CNA official: "There have been terrible, terrible internal struggles... I think you will see the situation is aggravated now because the Beverly Hills group has lost its main buffer in the person of Larry Weinberg."

**Denial of friction.** Weinberg denies reports of any ill feeling between Nicholson and himself, and he also denies persistent rumors that he is involved in the attempt by Loews Corp. of New York City to acquire a majority interest in CNA through a tender offer. Weinberg and his family own 14% of CNA's stock.

Of the reports of friction with Nicholson, Weinberg says: "I have differences of opinion... [but] there have never been fundamental clashes or differences of opinion in philosophy or overall approach to the business (with Nicholson)."

**The banks.** The change comes at a critical time for Larwin. Its officers and CNA are trying to renegotiate a $145-million revolving-credit agreement with several banks by September 30. If they fail, the banks can convert the credit to term notes due in 10 quarterly payments. That, Matthews says, would pose a serious financial problem. He adds: "A new guy in town often has a better opportunity to move the banks in the direction we want to go."

But Weiss insists that the management changes have nothing to do with the credit pact. "It's wrong to assume," he maintains, "that the parent or the banks are sitting on our head."

**Outlook.** What effect will the management changes have on Larwin?

Even CNA is publishing pessimistic reports. After announcing first quarter losses of $21.9 million for the parent—to which Larwin contributed $3.1 million from continuing operations—CNA predicted that housing starts would "continue flat" through 1974 but that pent-up demand would cause a "turnaround in the long run."

Weinberg predicts that the number of small builders in the industry will diminish, that a small handful of builders will dominate the industry, and that Larwin will be one of them.

—DENNIS CHASE

McGraw-Hill News, Chicago
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Bankruptcy, where's thy sting? Kassuba comes up roses—for now

A number of real-estate developers are now proving that bankruptcy and insolvency are not necessarily synonymous and, indeed, that bankruptcy is self need not be particularly painful.

Take Walter Judd Kassuba of Palm Beach, Fla. for instance. He is just one developer who has been able to muster a sufficiently potent defense to keep creditors at bay despite unprecedented financial difficulty.

Kassuba attorneys now claim that, under protection of Chapter 11 of the U. S. Bankruptcy Act, the Kassuba Development Corp. has drastically reduced debt, satisfied many creditors and even improved the company's financial base.

Said Norman Nachman of Nachman, Munitz & Sweig of Chicago: "The Kassuba corporation has increased its equities and reduced its liabilities by many millions."

Sale of 63 projects. Nachman, Kassuba's spokesman in the U. S. District Court in Chicago that has been overseeing the Chapter 11 proceedings since December, said that the turning point for the Kassuba fortunes came with the recently announced plan to sell 63 of the 119 Kassuba apartment projects for $281.6 million to a syndicate headed by the realty financier John Kusmeirsky, president of Income Equities Corp. of Los Angeles.

Kassuba will receive $7 million in cash and an initial payment of another $31 million in purchase money notes or junior mortgages. [For biggest apartment acquisition of all, see page 86.]

Nachman says the transaction will relieve Kassuba of $330 million in secured indebtedness and will ultimately yield an annual cash flow of $700,000.

Forbearance. Advising Judge Charles B. McCormick of these developments, Nachman said: "In a short period we will have concluded the sales of all but three or four of Kassuba's completed projects. At the same time major creditors like HMC, First Wisconsin National Bank and the largest creditor, First Mortgage Investors (FMI), are still advancing funds necessary to complete projects now under construction. We hope that construction on all unfinished projects will continue to pursue courses of action it believes will best serve and protect its own position in these loans as well as the interests of other participating lenders. We believe the wisest course is to negotiate these situations in an attempt to bring the projects to successful completion."

Buoyed by a like response from other creditors, Nachman petitioned the court to extend the protection of Chapter 11 indefinitely beyond the 30-day intervals granted in the past.

"A fine gentleman," William Leach, president of the W. H. Leach Mortgage Co. in Miami and former executive vice president of First Mortgage Advisory Co. of Miami, the adviser to FMI, said: "First Mortgage Investors will come out as good as anybody and maybe better than most because most of the loans were permanent on projects that had good occupancy and a healthy cash flow.

"We saw Kassuba's problems developing early and cut off new funds almost 18 months ago. Judd Kassuba is a fine gentleman and honest as the day is long, but he's like a lot of other developers today: it's not that he's a crook or that the institutions made bad loans, but that building costs are up 10% a year and the prime rate has shot up from 7 to 12-plus. There isn't an apart-

Kassuba's touch—or the art of winning while losing

The courtroom is smaller and the attorneys fewer. After nearly eight months of hearings, as Judd Kassuba tries to negotiate the difficulties of Chapter 11 bankruptcy proceedings, the atmosphere is relaxed and even friendly.

For the second time Judd Kassuba appears at the hearing in person, sitting quietly at the back of the courtroom, occa­sionally smiling at an attorney for a major creditor, sometimes leaning over to offer a subdued joke to the counsel who only last December cried for his financial blood.

Listening to Kassuba's attorney, Norman Nachman, as he soothes court and creditors with steady pronouncements of new gains made in eliminating the millions in debt that Kassuba cannot meet, the flavor of the proceeding is unmistakable: Judd Kassuba is confident that he is winning, and most of the creditors have decided to stay with their man.

'A man you like.' Kassuba's courtroom posture and confidence come despite ominous rumblings from those in his industry and the financial sector that all is still not right in the Kassuba empire. But Kassuba has convinced his creditors that what he says is true and will happen.

Said a longtime friend of Kassuba, "If we all sat down in a room with Judd, we'd end up giving him our wallets, wives and cars. But he's not a flimflam man. He's a tremendous sales­man, a dynamic personality and a dedicated worker. He's a man you meet and immediately like."

His friend says that it is in perfect character for Kassuba to fight through a long and arduous Chapter 11 confrontation despite the fact that it may be a lost cause and that, in any case, it could be more easily resolved in a declaration of total bankruptcy.

Ultimate optimist. "He's the most optimistic individual you've ever met," said the friend, "and that's probably the main reason for his downfall. No matter what the problems are and what calamities befall him, Judd will find something good about it. He is personally convinced that his real estate is far more valuable than the debt, that it can and will be worked out and that he will show you how to do it. His optimism is infectious."

His friend says that when lesser men might run to the bank, grab a blond and head for Australia, Kassuba stays up to the pressure and remains calm.

"He doesn't see the end of the line as a cliff that falls off into Chapter 10's personal bankruptcy," his friend says, "He's a wizard with numbers and he has the numbers that tell him it will all work out. I've seen him fall off cliffs in the past, but he'll shake his head, and go right back up to the top of the mountain. It doesn't faze him."

Last laugh. Even if Kassuba does eventually wind up in total bankruptcy, those who know him say that within a few years time he will be back on top.

"What's more," said a source, "the same bankers that may get upset this time around will be back loaning him more money. That's the kind of guy Judd is.

And so the proceedings continue with Judd Kassuba laboring to save his empire. When a creditor's attorney leans over close to him in the back of the courtroom to ask how much the legal fees of the battle against bankruptcy are likely to be, Judd Kassuba smiles and says, "Too much," and everybody laughs with him.

—M.K.
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CIRCLE 37 ON READER SERVICE CARD
Kassuba coming up roses... continued

FROM PAGE 36

ment project in the country that isn't 20% to 30% short of funds—no matter who made the loans."

A dissent. Leach is typical of most creditors or former creditors. There are other observers, however, who are less optimistic.

Said a former executive officer of the Kassuba Corporation: "Kassuba has made a couple of changes that have made the situation reasonable, but I still don't think it's possible. His big problem was that he was hopelessly over-leveraged."

The former executive said that, to cover cash shortages, Kassuba had resorted to chattel loans on carpeting, appliances and even kitchen cabinets for terms of five years at interest rates up to 18%. "His chattel debt in terms of monthly outgo and payments equaled his long-term debt," the executive said.

Audacity Inc., "The thing that Kassuba has done to make it even reasonably workable has been to get the second mortgagees to extend payments over 20 years to bring the payments down," the executive went on.

"Even the thought of doing this, let alone actually walking into the mortgagees' offices and suggesting it, takes chutzpah unlimited."

This executive says the Kusmiersky transaction does not have the long-term benefits it would seem to have. "They did sell the properties, but with a fantastic amount of kangaroo paper [secondary notes] that will jump back to Kassuba sooner or later," he said. "What Kassuba needs is hard cash, and there's little in that deal."

A trust officer at a Chicago bank that has dealt with Kassuba is equally pessimistic. "Debt service on some of the properties was as high as 58% to 63% of gross income," the officer said.

Complications. Alan Davies, secretary-treasurer of J. Clarence Davies Inc., a Wall Street real estate appraisal and consultation firm, said developers who find themselves in trouble can use Chapter 11 as a defensive weapon in trying to hold out until the cost-of-money situation improves. But Davies adds:

"It's not as simple as the prime dropping and the developers going back to work. It's the nature of housing that when something interrupts the cycle, as something has very definitely interrupted the cycle now, it takes a long time to gear up again."

Walter Eichenhofer, president of EW Properties Inc. of Los Angeles, says some developers in Chapter 11 have tried to rob Peter to pay Paul. "One developer turned to percentage of completion loans to get money in one place to make up in another," says Eichenhofer, "but that does nothing to resolve the problems of developers who have over-syndicated and overbuilt."

As for attempts by developers of rental units to convert to condominiums, Eichenhofer said, "I've never seen a condominium that was not successful as a rental unit that made a good condominium."

Down the road. Looking ahead, the former Kassuba executive sees trouble for all unsecured Kassuba creditors. "My observation is that they'll gimp along into the fall and then, perhaps, in late November somebody will pull the plug. The secured creditors should be in an excellent position and will get their real estate."

"Real estate, however, is very much alive, and if you allow occupancy to drop and maintenance to deteriorate, as is happening to some of the Kassuba projects, the real estate that's left will not be in the best shape."

"The unsecured creditors will be left out. It really would be better off for Fudd to take the pipe as quickly as possible and stop wasting time pumping blood into a dead horse. In two years time he could be a millionaire again. A bad deal is a bad deal."

—MIKE KOLBENSCHLAG

McGraw-Hill News, Chicago

Correction

An article in the June issue, "Saving open space: Why not pay owner for giving up right to develop?" stated erroneously that transferability of development rights was nowhere sanctioned in law. The Town of Southampton, N.Y., does have a provision, Sec. 2-10-20 of the town zoning ordinance of 1971. Town officials say no one has made use of this provision.

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CIRCLE 39 ON READER SERVICE CARD
AUGUST

$1.2 million of it VFC deposit preparing to write off up to all of his position as a director of the new Valley Forge bank debts, Butler Certain-teed has now agreed its $27-million interest in VFC. Its refusal (NEWS, July] to promotion's president, Byron C. Radaker, 40, has been replaced as president by George J. Hauffler, 41, formerly executive vice president at Certain-teed. Donald E. Meads, 53, took over as chairman of the board, a post vacant since February, and as chief executive and chairman of the executive committee. Meads left his position as executive vice president of INA Corp. to take the job. INA, a Philadelphia insurance company, owns 3% of Certain-teed's common stock.

Legal woes. In June, the Wall Street Journal reported that Radaker and other officers had been involved in VFC transactions in which they had possible conflicts of interest, including profits, later returned to the company, from a part interest in a Certain-teed subsidiary sold to VFC.

An outside stockholder of VFC has filed a class-action suit in Federal Court naming Certain-teed, Valley Forge and most of Valley Forge's directors as defendants. The suit claims VFC's earnings were fraudulently inflated by a land transaction in that year involving, among others, then-president of Valley Forge, James A. Parker.
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Tornado town: Its builders bring Xenia, Ohio back to life

Xenia, Ohio lives—and is building its way out of the tornado that devastated the community of 27,000 on April 3.

Approximately 1,100 residential structures were destroyed or so badly damaged they had to be torn down; another 1,500 took some damage. More than 120 business buildings were destroyed, along with 12 churches and three schools.

Nearly 13% of the housing inventory was destroyed, along with 52% of the tax base. Thirty-five people lost their lives.

Insurance claims were made on 9,962 homes for $58,993,243 and on other properties for $36 million. That $95 million compares with $97 million in claims filed on Hurricane Agnes in 19 states in 1972.

Builders in action. Rebuilding began almost immediately in Xenia. Three large builders, all active in Xenia before the tornado, are doing most of the residential reconstruction.

Mid-Continent Properties of Piqua, Ohio had been developing the Arrowhead subdivision since 1962, when the company was formed. Mid-Continent had built 1,400 homes and wasdestroyed in Arrowhead.

President Peter Thompson of Mid-Continent got into Xenia the day after the storm. (His sales manager had gotten in a day before.) A management meeting was called. The decision: Help Xenia rebuild with all possible speed.

Within two days, Mid-Continent published prices on rebuilds of its houses. An example: A three-bedroom brick with attached garage, lot and patio would sell for $20,980; it is being rebuilt for $14,250.

The rebuild price does not include the lot, of course.

Upgrading. The rebuild represents substantial up-grading.

“We’re building all-electric,” Thompson explains, “so that $14,000 includes double-glazed windows, insulated patio doors, full-side wall and ceiling insulation. There are also a lot of little things we’ve up-graded—vinyl asbestos flooring instead of asphalt tile, insulated steel doors, and improved gutters as well as better downsputs.”

Thompson doesn’t like to be quoted on the subject, but he indicates the rebuild packages are priced for less than normal profits, not losses, but less than standard profit.

Mid-Continent has more than 95 contracts to rebuild.

National’s effort. National Homes Construction Co. (La­fayette, Ind.) had built 450 homes in Xenia’s Windsor Park, of which 50 were wiped out. The homes were 1,000-sq-ft. ranches on slabs, and they originally cost $19,000 to $20,000. That included lot.

Dean Tomin, the company’s general manager in Springboro, Ohio, says National is rebuilding these homes, up-graded with such things as better insulation, for about $17,000. National has 17 contracts to rebuild.

Volunteer. Ryan Homes of Pittsburgh has a Xenia subdivision called Beverley Hills, 2½ years old and two-thirds of the way to its projected 125 units.

The subdivision was not hit by the tornado, but Ryan decided it wanted to help rebuild Xenia.

Don Howells, division manager in Dayton, Ohio explains:

“We made a policy change and became active in the rebuilding program. We’re not a builder that ordinarily builds on other people’s ground, we usually go in and develop our own ground.

“But we made an exception, and we have enjoyed a good business; we’ve got about 56 contracts with $1.5 million in volume.

Stress on basements. “I think the biggest reason we’ve been so successful is that we’re known as a basement homebuilder whereas the general Dayton-Xenia market is slab,” Howells goes on. "I guess that, having gone through that tornado, many families like the idea of a basement." Howells says his company’s decision to enter the rebuilding market in Xenia resulted from three considerations: 1) People asked Ryan to do it; 2) Ryan had a manufacturing operation ten miles from Xenia; and 3) Ryan had sufficient labor and materials to take on the additional volume without delaying other subdivision work.

Local builders. Fred Collett, president of the Xenia Construction Co. and immediate past president of the Chamber of Commerce, reports that he, like most of the local builders and subcontractors, has all the business he can handle. Collett’s company developed the Pinecrest Gardens subdivision and built 45 of its 88 houses. The tornado took out 73. He has eight contracts to rebuild and is building on half a dozen more.

Labor and some materials are short, but Collett explains:

“Our subs have been taking care of us within a week of what they used to, so that’s not bad.”

Tomlin of National Homes points out: “Our regular crews are tied up with other houses and we are having to go into the labor market for repair teams. We are having some problems.”

Dream vs. reality. Xenia is—fortunately—for the area covered by a well staffed regional planning agency, the Miami Valley Regional Planning Commission. The commission recommended and the city commission accepted the strategy of dividing the rebuilding into two areas: the disaster reconstruction area, which comprised the outer residential sections, and the disaster planning area, composed primarily of the inner city. It was in the inner city, of course, that the city fathers had recognized numerous problems in zoning and in traffic control long before the storm’s havoc brought such problems into sharp focus.

The problems of rebuilding the suburbs are simple compared to those downtown. The city fathers want to take this opportunity to correct mistakes in zoning, streets and traffic flow, for instance. But the U.S. Department of Housing has clearly indicated that what federal renewal money is made available will not be enough to implement utopian reconstruction.

Washington’s help. Xenia got help in a hurry from HUD. The department’s temporary housing team set a record for speed in rehousing victims: 1,376 families, or virtually 100%, were in temporary housing by May 10, or 20 days ahead of HUD’s May 31 target date and a mere 37 days after the storm.

There were some snags, of course. The Small Business Administration’s disaster team first advised victims to pay off mortgages from their insurance awards, assuming SBA could substitute its 5% uninsured loss mortgages. It was then discovered that this advice was predicated on flood disaster, in which private insurance usually does not apply, and not on tornadoes, for which private insurance does apply.

The achievement. Wayne J. Luders, SBA’s disaster program director for Ohio, did a yeoman’s job of straightening out the mess. Banks reinstated many loans, and in other instances the SBA was able to mix 5% money with higher-interest loans of a reduced principal amount so that the owner wound up paying no more, and sometimes less.

It took the combined effort of several teams to launch the rebuilding program, and the federal agencies generally got good marks.

So did the builders—and the planners—and most political leaders. The result is that Xenia is alive and well—and building space. —Art Zimmermann

McGraw-Hill News, Cleveland
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Our masonry wall, for example, has a “U-value” of .12. The double-plate glass wall has a “U-value” of .55. (U-values are used to determine heat loss through one square foot of wall area in Btuh per degree Fahrenheit differential across the wall.) This means that the masonry wall is about 450% more efficient, on the average, than the glass wall in reducing heat loss.

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Nature of Business
Prominent builder tells his story: surviving Nazis, building futures

Nathan Shapell is unusual. For one thing, he has made his Shapell Industries one of the biggest builders of homes in the country (more than 20,000 since its founding in Beverly Hills, Calif. in 1953).

For another, he is a survivor of Auschwitz.

And for another, he has written an autobiography, Witness to the Truth.

It is in part about what he saw and suffered as a teenager in the Nazi holocaust. And in part it is about what he undertook immediately afterward, as a young man, to help rebuild the lives of himself and his fellow survivors, then wandering Europe as displaced persons.

Inside the camp. Shapell succeeds in summoning up the evil ghost of Auschwitz. The stifling cattle cars roll again, the apparatus of Dr. Mengele intrudes as the doctor stands on a platform above the stream of prisoners. Again, he divides the stream with a motion of his outstretched hand, sending some to the gas chambers, others to a disgusting existence as an inmate.

Shapell (then Natan Schapelski) contrived to survive long enough to be needed, near war's end, as a slave laborer. This brought him out of the camp alive and made it possible to break free of the Nazis as the Reich collapsed.

Toward new life. Shapell made his way from the Russian zone to the American zone, and there found himself one of the thousands lost amid a hostile (but at least passive) German population, under a well meaning but bewildered Allied army of occupation that did not know what to do with them.

The second part of the book, though less dramatic than the first, is a better description of the man; in the American zone there was breathing room enough to be more than a survivor.

Emergence. Shapell describes how he began an effort to organize a haven for himself and his fellow refugees, and to put together the means for them to begin a new life. As a result, the reader can see traits appear that later must have contributed to his business success: a determination to take constructive action in revolt against the chaos around him; a fast-developing knack for organization; an ability to deal with people; a rapidly growing taste for taking on responsibility; and a near-compulsive need to throw himself into his new-found work, perhaps (one suspects) to shut out the horrors still howling through his mind.

His success was notable. In months he settled more than 150 refugees, started an orphanage and set up training centers to prepare young teachers and farmers to go to Palestine. The story ends with his departure for the U. S. but his successes did not, as we know.

Jim Walter Corp. gets new president

Joe B. Cordell, 46, becomes president and chief operating officer of the giant building-materials producer, mortgage financier and developer of natural resources. He replaces founder Jim Walter in those slots, but Walter, 51, retains the posts of chairman and chief executive.

Cordell, who joined the company in 1958, was a senior vice president as well as treasurer and chief financial officer.

Ben F. Harrison, 49, moves up into the newly created post of executive vice president from senior vice president.

Latest promotions and changes around homebuilding industry

U. S. Home's Herbert M. Hutt, 44, advances to the newly created post of executive vice president. Philip Frank replaces Hutt as head of the New Jersey division, moving up from his vice presidency of operations, his position since 1969.

There are other promotions announced at the company's headquarters in Clearwater, Fla. Tim W. Humphrey, former vice president and controller, takes the new position of senior vice president, audit. Leland C. Weatherford moves from assistant vice president, tax management to vice president, administration, Charles G. Legler, from assistant controller to assistant vice president, accounting.

"We are extremely pleased," remarked chairman Charles Rutenberg, "that we are able to maintain management continuity by promoting ... from within."

U. S. Home is no closed shop however, it takes on Stuart M. Ripley as director of marketing in the Florida division. He was a vice president at California's Avco Community Developers, Shapell Industries, Beverly Hills, Calif., names Bernard E. McCune vice chairman of the board. He had been a senior vice president since 1969, he has been with the company since 1961.

John Parker is dead; Macco's ex-president

John B. Parker, 55, president of Century Community Developers of Walnut, Calif., died of a heart attack while on vacation in Mexico City on June 13.

Parker founded Century as PBS Corp. in 1968 and built it into a $30-million-a-year business. He had been an executive with Macco Corp., then one of the country's largest developers, for the previous 20 years. He was its president from 1963 until 1965, when it was acquired by the Pennsylvania Railroad. Parker was treasurer of the Building Association of California at the time of his death.

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Peachtree Door's new entry system seals against the weather—better.

We started from scratch—reviewed the efforts of others—consulted with the nation's leading experts. The result? An insulating system better than anything on the market.

The Secret... Instead of old fashioned magnets, a radically new weather stripping was designed for our new door. It's a unique soft foam inner core covered in rugged vinyl.

Performance Tested...

After 100,000 spirited door slammings...after laughing off temperatures from 160°F to 40° below zero, Peachtree Door's new weather strip showed absolutely no wear or fatigue. It permitted less water and air seepage through the system than any other on the market. A great performance.

The weather strip is locked into our special frame design. It overlaps and interlocks in every corner. When you shut the door, the single plane weatherstripping is compressed at the jambs, head, threshold and corners...compressed to give you a near perfect, continuous, perimeter weather seal. Air, water and outside temperatures stay out. Inside comfort stays in. A great seal...part of a great new system.
House & Home's index of 25 housing stocks plummeted to 127.08 from 163.01 in the month ended July 1. It was the list's fourth straight monthly loss.

Savings and loan shares led the retreat on a series of poor first-quarter earnings reports from the industry's giants in California.

Here's the graph of 25 stocks.

<table>
<thead>
<tr>
<th>Company</th>
<th>July 1 Price/Bid/Close</th>
<th>July 1 Chg/Bid/Close</th>
<th>July 1 Prev Month Chg/Bid/Close</th>
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<tr>
<td>Pacific Property</td>
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<td>0.00</td>
<td>0.00</td>
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<tr>
<td>California Properties</td>
<td>10.00</td>
<td>0.00</td>
<td>0.00</td>
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<tr>
<td>American Housing</td>
<td>10.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>United States Developers</td>
<td>10.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Diversified Companies</td>
<td>10.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

Here's how the five companies in each group performed.

<table>
<thead>
<tr>
<th>Group</th>
<th>July '73</th>
<th>June '74</th>
<th>July '74</th>
</tr>
</thead>
<tbody>
<tr>
<td>Builders</td>
<td>245</td>
<td>131</td>
<td>107</td>
</tr>
<tr>
<td>Land develop.</td>
<td>149</td>
<td>102</td>
<td>94</td>
</tr>
<tr>
<td>Mortgage cos.</td>
<td>1,183</td>
<td>297</td>
<td>244</td>
</tr>
<tr>
<td>Mobile homes</td>
<td>460</td>
<td>428</td>
<td>365</td>
</tr>
<tr>
<td>8&amp;18s</td>
<td>111</td>
<td>109</td>
<td>72</td>
</tr>
</tbody>
</table>
We sell the most beautiful kitchen cabinets, but we don't stop there. Raygold's Builder Support Program helps guarantee sales. Here's how we do it:

Immediate Delivery—On time, every time, from local stock.

All Sizes, Styles, Prices—Raygold gives you many choices. Select just what you need—no more, no less.

"Follow Up" Service—Trained distributor personnel are available to service your needs immediately.

Quality Standards—Guaranteed top grade materials and workmanship even down to the smallest detail.

Fast, Easy Installation—We make certain beforehand you have no trouble afterward.

Prospects Know Raygold—It makes a difference when they see Raygold cabinets, because they've seen them advertised in national magazines. They'll respect you for your choice!

Shouldn't you get in touch with Raygold?

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Raygold Division
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Florida developers discover an attractive alternative—

Cellwood Bi-Folds.

The developers of Park Place Condominiums, near Hollywood, Florida, know what it takes to get a competitive edge.

"We put a great deal of time and thought into product selection for our units. CELLWOOD Bi-Fold doors were selected for their superiority over other bi-folds and sliding closet doors that we used in the past. This includes metal, wood and plastic over wood framing."

PHILIP PEARLMAN,
President

"CELLWOOD Bi-Fold doors give us the image producing effect we're looking for. Their natural, wood grain finish adds extra appeal. Customer reaction has been most favorable. They accent any style or decor."

EDWARD KLASSMAN,
Director of Marketing and Sales

"CELLWOOD Bi-Folds have better resistance to damage than the doors previously used. We don't anticipate any maintenance problems. They're easy to install, take less time and no bottom track is needed."

SEYMOUR BINKOV,
Project Manager

CELLWOOD structural foam polystyrene Bi-Folds have started a trend. For a price only slightly higher than metal and a great deal lower than wood, you can install a wood-grained, open-louver door that will give your development that special touch of class. Pre-finished in an attractive off-white acrylic, CELLWOOD Bi-Folds also take wood staining with magnificent results.

For more information on CELLWOOD Bi-Fold doors, the attractive alternative... write or call Mr. Richard F. Andrews, National Sales Manager, Allastics, Dept. B 16564 Warren Drive, Norcross, Ga. 30071, (404) 449-1000.

Cellwood
Bi-Fold Doors and Shutters

CIRCLE 52 ON READER SERVICE CARD
Temple has tripled its plywood production for a lot of good reasons.

Plywood made from Southern pine was a brand new idea when Temple first started making it back in 1964. But builders tried it, and liked what they tried.

They liked its strength. They liked the fact that every panel is a Group 1 panel. And they liked having only exterior glue in every panel.

Builders have liked our plywood so much that we’ve had to increase capacity ever since we started. We’re making six times more plywood today than we did just six years ago, and we’ve tripled last year’s production.

That in itself says a lot about Temple plywood. Now, we’re adding textured plywood siding to our line.

TEMPLE INDUSTRIES
DIBOLL, TEXAS 75941
Housing Industry First:
A show-and-tell book on merchandising with interior design

How do you decorate and furnish model homes aimed at the upper-income empty-nester market? What interior color schemes work best in a resort area where the temperature hovers around 120°? How can interior design be used to make a small kitchen seem larger?

Answers to those and other critical decorating problems are spelled out in How To Decorate Model Homes and Apartments, the housing industry's first comprehensive, professional how-to guide on the art of merchandising development housing through decorated model units.

Author of the book is Carole Eichen who for the past decade has decorated hundreds of model homes and apartments for builders in all sections of the country, and who has been a contributing editor to House & Home since 1971.

The book is an expansion of Mrs. Eichen's House & Home column, "The Merchandising Scene," in which the designer discusses her successful formula for decorating model units in development housing. That formula: creating interiors that directly relate to demographic profiles of prospective buyers and renters.

Heavy reader response to the column convinced Mrs. Eichen and House & Home editors that there was a great need among housing professionals for a book on interior design as it relates specifically to model homes and apartments. Such a book, they agreed, should present model-home interior design from a how-and-why standpoint rather than with the typical pretty-picture approach.

Thus, in addition to the 50 full-color photographs that illustrate how Mrs. Eichen applies her decorating formula to a variety of housing types, the book also features 100 before-and-after room-setting sketches—all annotated by the designer to explain why she used a particular piece of furniture, a particular accessory or a particular fabric (see photo and sketches, below).

Additionally, because there is more to model-complex presentations than the actual decoration of the models, the book discusses such related subjects as:

- Demographics—how to match interior design to your market.
- Budgets—how to make interior-design costs pay for themselves.
- Scheduling—how to make sure models are ready on opening day.
- Accessories—how to add the lived-in look.
- Lighting—how to create motivating moods.
- Helping models sell—how to get back-up from salesmen and publicity.
- The sales office—how to tie it directly to the models.

In another major section of the book, Mrs. Eichen outlines the background of six projects—ranging from single-family to highrise condominium—and shows and tells how their model units were tailored to the specific market for which each was built.

How To Decorate Model Homes And Apartments was edited by House & Home associate editor June R. Vollman and designed by House & Home art consultant Jan V. White. It will be published next month.

Copies are available by sending $24.95 in check or money order to House & Home Press, House & Home, 1221 Avenue of the Americas, New York, N.Y. 10020.

How-and-why illustrations from How To Decorate Model Homes And Apartments combine four-color photographs with before-and-after sketches of the same rooms. Above are a photo and sketches of a kitchen corner, which features orange-and-white checked wallpaper, orange cushions on the chairs and an orange-and-white tablecloth. In the annotated sketch Mrs. Eichen calls attention to the brick floor, which provides texture and pattern, and the fact that the chair cushions repeat the drapery fabric. The author uses this photo to explain two important decorating tactics—the use of accessories and the value of converting excess space into livable areas. Discussing accessories, Mrs. Eichen says: "One inexpensive way to spark conversation and add warmth to a room is with wall hangings. As shown in this small corner setting, bric-a-brac and other collectibles line a plate rail shelf that runs around the room, and which has been installed above a variety of other wall hangings." Regarding the use of extra kitchen space, she says: "... turn it into a mini dining area. Here a round table is joined with inexpensive high-back chairs and cushions."
More than a door...
It’s an insulated, energy saving entry system!

The system begins with a Sta-Tru door that has a dense insulating foam core. This is surrounded by kiln dried wood stiles and rails to further insure complete 1-1/8" perimeter thermal barrier construction. As a result, a Sta-Tru door can reduce heat loss due to transmission through the door by as much as 66% compared to a standard 2" solid oak door.

And to further reduce heat loss caused by air infiltration, our energy saving Sta-Tru entry system features magnetic, refrigerator-type weatherstrip that effectively seals the top and both sides. Bottom leakage is prevented by a specially designed triple-seal vinyl weatherstrip. And where needed, the system can be supplied with either a fully adjustable threshold or a frost-cutting threshold with built-in thermal break.

In addition to the above mentioned features, the Stanley entry system has been engineered to offer many other outstanding features to the home builder and the owner.

It provides the perfect doorway for all seasons and climates. A Stanley door will not warp, shrink, crack, twist or swell. It is also extremely attractive, and is available in over 30 distinctive styles, and with sidelights, pilasters and/or pediments. And whether used in residential or commercial construction, a Stanley entry system is competitively priced and offers even greater savings in terms of in-place costs.

Ask your Stanley salesman about our energy saving entry system today. Or write: Stanley Door Systems, 2400 East Lincoln Road, Birmingham, Mi. 48012.

STANLEY
helps you do things right
For a builder's fourplex market: Here's a new fiveplex design

Fourplex sales sloughed off in three Allied-Presley Co. Chicago-area PUDs, so the company switched to the fiveplex design shown here.

Advantages of the new design:

- Each building offers buyers a choice of one, two or three bedroom units. Prices range from $28,000 to $32,000, unit sizes from 1,010 to 1,250 sq. ft.
- All units have one-level plans. So little space is wasted on interior stairways, and there are no complaints from prospects who balk at running up and down stairs in their homes.
- Every unit has a private outdoor area—either a deck or a patio.
- All units but one have two entries. One is directly from the garage—a feature that pleases security-minded buyers, according to sales manager Bill Sullivan.
- The fiveplexes are designed and built to reduce unit-to-unit noise transmission. Examples: Living and bedrooms are isolated from party walls; party walls are constructed of double wood studs, batting and 1/2" thick drywall hung on noise-absorbing resilient channels; and second story floors are topped with 1 1/2" of concrete.

Construction cost of the model shown here was roughly $15 a sq. ft. Allied-Presley also offers a hip-roof design with an all-brick exterior. It cost about $16 a sq. ft. so the unit selling price has a $1,300 add-on.

Also the company is considering an alternative fiveplex with three three-bedroom units and two two-bedroom units. "Demand has been strongest for the three-bedroom layout so we're going to work out a new interior configuration," says Sullivan.

The fiveplex was designed by architect Ed Hall of Mittelbusher, Tourtelot, Norton and Hall, Chicago. Allied-Presley is a regional subsidiary of The Presley Companies, Newport Beach, Calif.

Floor plans show how the living- and bedrooms are isolated from party walls to reduce noise transmission between units. The three-bedroom unit (over the garages) has the biggest demand—mainly from young marrieds making $15,000-$17,000 with one or no children.
This wood loves to rough it.

Cedar siding from Potlatch.

Beauty is definitely more than skin deep with the enhancing appeal of durable, rough sawn Potlatch Cedar Siding. The pattern and texture of this popular wood brings the look and feeling of Inland Red Cedar forests to every application: In exterior use, Potlatch Cedar Siding can create distinctive appearance for a variety of building designs. Inside, its textured beauty adds a rugged dimension to interior design.

Potlatch Cedar Siding is kiln-dried to provide a more stable board when applied. And it's available in your choice of 21 colors of durable acrylic stains—factory-applied to save you time and money.

We know our way in the woods.

Potlatch Corporation
Wood Products Group
P.O. Box 5414
Spokane, Washington 99205
It is easy to make expensive mistakes when developing plans for attached housing. But this comprehensive, timely research report will give you better insight on what and where to build.

Based on a detailed analysis of 36 actual attached housing developments, this report shows what works and how to avoid costly mistakes that can make you, your prospects and your lenders unhappy.

Highly readable, the format of Attached Housing II provides a development critique which outlines the basic profile of each of the plans, features and amenities. It also includes schematics of the floor plans as well as the land plans utilized.

Attached Housing II was undertaken by W. E. Mitchell, President and Senior Associate of Market Profiles, a marketing, merchandising, sales and research consulting firm headquartered on the West Coast.

Mr. Mitchell’s penetrating analysis brings qualitative depth to his research, in conjunction with the quantitative data. His analysis centers around the demographics and consumer preferences of buyers. His comments also relate to product orientation and to the strength and weakness of the various land plans and floor plans presented.

Previously, Mr. Mitchell was director of residential marketing for Walker & Lee, Inc., one of the West's largest residential real-estate firms. He later became general sales manager for Deane Brothers, Inc., and was responsible for this builder's highly creative marketing programs, widely respected as one of the most successful in the country.

This authoritative research report offers you protection against costly mistakes in planning attached housing.

For your personal copy
MAIL COUPON WITH REMITTANCE TO
Housing Bookcenter, House & Home
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Yes
Send me ____ copies of Attached Housing II for $300.00 each. Enclosed is my check for $______ Payable to Housing Bookcenter.

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HBC-5

58 H&H August 1974
D4000
THE BEST SECURITY LOCK MONEY CAN BUY!

THE SECRET OF WEISER SECURITY—
THIS LOCK IS SOLIDLY ATTACHED TO THE DOOR BY TWO 1/4" HEAT-TREATED STEEL BOLTS. THESE BOLTS PASS THROUGH A SOLID STEEL PLATE OR THE INNER CYLINDER AND THREAD DIRECTLY INTO THE BACK OF THE OUTER CYLINDER.

PLUS:
A full 1" projection dead bolt with a free-turning, 1/4" thick, hardened steel roller to prevent attack by hack saw.

Heavy, solid brass, free turning cylinder guard ring prevents gripping or twisting.

Solid, vandal proof construction, and three different functions: Cylinder deadlock with blank inside plate, locked by key from outside only.
A double cylinder deadlock that can be locked from either side. Last a single cylinder deadlock with a thumb turn inside.

Only Weiser D4000 Series locks give you this complete security . . .
D4000—THE BEST SECURITY LOCK MONEY CAN BUY!

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Mexico didn't happen overnight. Our colorful history goes back thousands of years, yet we're modern as tomorrow. And all our wealth of vacation adventures—from Acapulco to Cuernavaca to Mexico City—are easily affordable. Selfie for nothing less. Because, dollar for dollar, you couldn't buy anything better.

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9443 Witzle Boulevard, Beverly Hills, Calif. 90212
Mexican National Tourist Council
Mexican Government Department of Tourism

MEXICO
The 20,000 service technicians qualified to wear this hat are hired and trained to work exclusively on Sears appliances...

so you won’t have to worry about service.

When you sell as many appliances as we do, you need a strong service force to give all your customers the kind of back-up assurance they want.

That’s why we have 20,000 Service Technicians wearing the same hat—working on only Sears appliances. There’s no better way for us to offer you fast, dependable service.

There’s constant field training, of course. There’s also our five regional training centers. And last year, 9,766 men went through them. Some for the first time. Many for refresher courses—just to keep up with the many new features on major Sears appliances for the kitchen, laundry, home entertainment and home environment.

In addition, our Service Technicians are backed by other Sears service employes. And there are thousands of them.

Like the people in each service center’s “Customer Inquiry Center” who schedule service calls, morning or afternoon, for customer convenience.

Like the parts specialists who make sure that each of our 14,000 service trucks are stocked with the parts called for in most service situations.

But the right people is only part of our national service department. The right equipment is important, too.

And Sears is continually devising new methods and new equipment to give you more efficient service.

Take our trucks, for instance. Now they’ve got “lazy susan” racks for quicker access to parts and tools.

Another innovation is Ultrasite, a microfilm-of-the-microfilm technique. It allows us to store 2,800 pages of information on a 4” x 6” Ultrasite card. Now, each service center has current information quickly available on 349,358 repair parts—using just 60 Ultrasite cards.

New testing tools. Modern in-shop techniques. Through on-going training.

We’ve built our service department carefully. So, you won’t have to worry.

Here are 10 good reasons to consider Sears:

1. Single source for appliances and many building products.
2. Product leadership.
3. Dependable service.
5. Value/Price.
7. Delivery to your schedule.
8. Strong brand recognition.
10. Over 87 years of consumer satisfaction.

OK I’ll consider Sears Contract Sales

☐ Send Brochure ☐ Have Contract Specialist call
☐ Send address of nearest Contract Sales office

Name

Position

Firm

Address

Phone

City State Zip

Dept. 733G, Sears, Roebuck and Co.,
Sears Tower, Chicago, Illinois 60684

CIRCLE 61 ON READER SERVICE CARD
The breakthroughs with U/R bath fixtures.

"They're warming our baths."

"And saving our backs."

WITH ACRA-BATHS™
These acrylic-faced fiberglass tubs are strong, yet lightweight. They can be handled and installed by one mechanic. The acrylic surface is easy to clean, and more resistant to damage from impact or chipping.

WITH THERMO-TANK CLOSETS.
Brand new, the U/R Thermo-Tank is injection molded from ABS plastic and is condensation free. Just won't sweat. Lightweight, easy to handle and literally shatter proof. "Corner Flush Tab" replaces traditional flush lever. Matches U/R china fixtures.

WITH U/R NORTHWAY™ VANITIES TOPS AND CELEBRITY FAUCETS.
Brand new, these vanities come in four designs, and in the three most popular sizes. Both U/R cultured marble and vitreous china tops are available for all sizes. Ideal with the Celebrity washerless faucet line.

WITH FIBERGLASS FIXTURES.
More than one-third of all new bathrooms in 1974 will have fiberglass fixtures. One big reason is warmth. They're warm to look at and touch. And they use less hot water to warm the bath. Pretty good news for energy savers. Universal-Rundle is the acknowledged leader in fiberglass bath fixtures. We make more of them and we believe we make them with higher quality. We'll be happy to send you a catalog showing all of our models. U/R fiberglass is creating a warming trend in the bath.

WITH ACRA-LAVS.
These acrylic-faced fiberglass lavatories are tough and lightweight, weigh only 4½ pounds. Easy to handle and install, particularly with U/R's Acra-Mount that lets you snap the lav in. Easy-to-clean surface and more resistant to damage from impact and chipping.

U/R Division of Universal Rundle Corporation. 217 North Mill Street, New Castle, Pa. 16103
We’ve been telling you what makes Therma-Tru doors seven ways better.

Here’s what you’ve been telling us:

About the weather resistance:
“Rain, humidity, sun, cold . . . nothing seems to bother these Therma-Tru doors. We’ve used them extensively, and weathering effects have been absolutely negligible.”
Ken Carlson, Sr. Vice-President
THE RYLAND GROUP, INC.
Columbia, Maryland

About the better thermal break:
“We’d seen instances of actual frost on the inside of other steel doors around hinges and lockset. But there’s none of that with Therma-Tru, thanks to its extra-wide wood edge.”
Samuel Primack, President
THE PERL-MACK COMPANIES
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“Not only is it much better insulating than other doors — including wood — but because it’s packed so tight, the Therma-Tru door has a really solid sound. It sounds like quality.”
Al Thomas, President
SCHOLZ HOMES
Division of Inland Steel
Toledo, Ohio

About ending entrance call-backs:
“Our experience with Therma-Tru shows dramatic reductions in call-backs on homes we’ve built up and down the west coast of Florida. In fact, we’ve had none in two years. I can’t speak more highly of a door than that.”
Charles Reisdorph, President
RUTENBURG DIVISION
U. S. HOMES
Clearwater, Florida

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Moshe wisely chose a carpet made with Enkalure II soil-hiding nylon. (How can you beat Jewish-Chinese wisdom?)

From all the colors and patterns available, he found the one perfect for the restaurants decor.

It's so perfect, in fact, that in some parts of the restaurant the carpet extends up the wall. Some customers have inquired about it for their own homes. That's how beautiful it is.

And because it's made with Enkalure II, it will stay beautiful for the life of the carpet.

You see, the special multilobal construction of Enkalure II nylon causes light to actually bounce off the fiber, keeping the color looking bright and clear, even when the carpet is dirty.

And since there are no deep grooves to trap dirt (as in conventional fibers), daily vacuuming and occasional spot cleaning is all that's needed.

A grueling test by Nationwide Consumer Testing Institute proves that no nylon hides soil better than Enkalure II. But the real proof is at Moshe Peking.

For specific carpet information and a 14-page report of the test results, contact American Enka (Dept. H H), 530 Fifth Ave., N.Y., N.Y. 10036, (212) 661-6600.
Editorial

Excellence pays off in project design—but only if you execute it excellently

It's the big flops that make the news.

Dozens of small builders can slide into Chapter 11, and no one outside of their home towns will know anything about it. But when a Judd Kassuba or a Jack DeBoer gets in trouble it makes headlines all over the country.

The same thing is true of projects. Run-of-the-mill ones wind up in their lenders' laps without causing a ripple. But when a project that has been highly publicized for its design and planning excellence gets in trouble, everybody hears about it. And the conclusion most often drawn is that innovative communities may look great, but you'd better stick to the old and tried commercial product if you want to make it in the marketplace.

This, of course, is nonsense. There's ample evidence that the innovative project that's well conceived and well executed actually sells much better than the standard, unimaginative project.

Nevertheless there are more failures among the former than there should be. And we are particularly sensitive to them because we go out of our way to find and publish innovative planning and design in HOUSE & HOME. When an innovative project gets in trouble, we take it rather personally, and make special efforts to find out what went wrong. (Example: "What's a nice PUD like this doing in Chapter 11?"—H&H, Nov. '73). Here are the key reasons we have found for failure:

Inexperienced. Few experienced developers want to switch away from a style that has made money for them over the years. So the innovative developer is liable to be either someone from the fringes of housing or, perhaps, a small-volume builder doing his first large-scale PUD.

Inadequate financing. Innovative projects—especially PUDs, require more lead time for zoning, planning and design than do conventional projects. They also require more front money. The inexperienced developer, trying to convince a lender or joint-venture partner that the project is sound, will often underplay his front-end and carrying costs. Comes the first delay, money runs short, the lender panics, and everything goes down the drain.

Inadequate market research. This is common to all housing but a particular sin of the innovative developer. He feels that because he has done something beautiful he'll be able to sell 200 units a year, even though the absorption rate for the whole market in his price range is only 180. Either he doesn't bother with an objective market study, or if he makes a study and finds it doesn't fit his preconceptions, he ignores it.

Over-reliance on consultants—particularly architects and planners. These are the people whose creativity produces much of the excellence of the innovative project, so it's natural for the developer to turn to them for advice in areas other than design. Comes a choice between design and, say, cost, the designer predictably recommends design, and the project misses the market.

The moral of the story is that design and planning excellence should be considered a plus, not a substitute for other development disciplines. If the developer is new to the game and doesn't have expertise in all these disciplines himself, he'd better go out and hire it.

Then there's the other side of the coin. How about some of you experienced developers trying something new and innovative?

MAXWELL C. HUNTOON JR.
Old-style graphics reflect the historical New England theme of Olde Mistick Village, a specialty shopping center in Mystic, Conn. (see page 70).
If you're looking for new ventures—and you have a flair for design and merchandising—check out...

THE SPECIALTY SHOPPING CENTER

WHAT'S SPECIAL ABOUT IT?
Unlike the conventional center, it's a recreation and entertainment attraction as well as a shopping attraction—a colorful place with a mood or ambience that turns people on. Says the manager of a West Coast specialty center: "People come here to while away a Sunday afternoon, dine out on a Saturday night, browse through shops, entertain guests, listen to a concert or just relax."

WHY CHECK IT OUT?
First of all, the market has been barely scratched. So there are untapped market areas and inviting locations in and around almost every major city. They're downtown in historic buildings—an old trolley barn, for example (see page 68)—in the suburbs and even in the exurbs (see page 77).

Second, specialty centers don't face the sort of local opposition encountered by regional centers. Town planners resist the typical regional with its flat-topped buildings and acres of asphalt. But they tend to look with favor on specialty centers, which are far smaller—sometimes only 40,000 sq. ft.—and much more human in scale and feeling.

Third, if you're tackling a specialty center, you won't have to compete with the big regionals to get major retailers as tenants. Your key tenants will be the individualistic restaurants, specialty shops and craftsmen that shun the big centers. So instead of bumping heads, specialty centers and regionals complement each other.

WHAT MAKES IT GO?
"It must have an intangible that's best described as a recreational ambience," says a Los Angeles market researcher who specializes in specialty centers.

To create that ambience, what should you know about location, size, layout, design, promotion and tenant mix? And what about rentals, financing and management?

You'll find answers on the next ten pages. You'll also see photos and plans of six specialty centers, five of which were built by housing developers.
SPECIALTY SHOPPING CENTER CONTINUED

Location: Think about traffic; don't worry about competition

Specialty shopping centers can fail for some of the same reasons that residential projects fail—for example, bad design or wrong location. Or they can fail because they're too big, or don't have enough parking or the right tenant mix.

But they don't fail because of competition from conventional shopping centers. On the contrary, they need the traffic that large centers generate, and they benefit from locations in established areas.

To wit:

- Trolley Square, a 150,000-sq.-ft. center in a converted trolley barn, is just four minutes by car from downtown Salt Lake City. Trolley Square is actually more accessible than downtown for many city residents because it is adjacent to an interstate expressway exit and borders one of the most heavily traveled streets in the state—an estimated 60,000 to 70,000 cars pass the center daily.

- The Prune Yard, a 300,000-sq.-ft. center in Campbell, Calif., is in the middle of Santa Clara Co., a high-income, fast-growing section of northern California. A major expressway borders one side of the 30-acre site, a major regional shopping center less than two miles away, and there is a high degree of disposable income throughout the immediate three- to five-mile radius. The Prune Yard was developed by Fred Sahadi who formerly specialized in swinging singles apartments that emphasized recreation and environmental design.

- Old Town, located on a corner site, bordering the affluent Park Cities section ten minutes north of downtown Dallas, is close to a central expressway and only one mile from a large regional shopping center. "Our area had very few convenience centers," explains Bob Dickson, Dallas operating partner for Lincoln Properties, which built the 175,000-sq.-ft. center. "All the centers around here were large ones that take a lot of time and work to shop at. We made our center easy to get in and out of for people who don't want to spend the day."

There are exceptions when off-the-beaten path locations will work—for example, in an area with some charismatic amenity like a harbor. But while many people will drive miles to a place where they can dine while watching boats come in, they won't make that drive too often, and they won't necessarily drive that far to buy merchandise.

"Like any other recreational attraction, the farther away it's located, the fewer times per year people will go there," says Don Stewart, vice president of Economics Research Associates (ERA), a Los Angeles-based firm that has specialized in specialty centers for the past several years.

Other exceptions are resort areas—if tourist traffic is heavy enough. One example: The Mercado, a resort-oriented specialty center at AVCO's Rancho Bernardo, north of San Diego.

"People like to bring their guests here; we're a show-off place," says Kay Flood, who manages the 42,000-sq.-ft. center.

When The Mercado was built, the locale was considered a retirement community. Even though the area still has a high percentage of affluent retired persons who entertain visitors from all over the country, it also attracts a steady stream of tourists and residents of San Diego Co. Tourist traffic has continued to grow since The Mercado opened for business four years ago, and today tourists account for nearly half of the merchants' volume.

However, Mrs. Flood is looking forward to completion of a nearby financial center that will feature department and variety stores. These will draw many more people into the area," she says, "and our tenants can't help but benefit."

Two other factors to consider vis-à-vis location:

First, it affects the amount of push necessary for the initial promotion effort. If you're located in the middle of your market or inside an established retail trade area, shoppers will find you faster at the outset and you'll spend less money building recognition for your new center.

Second, specialty center developers who convert existing buildings to shops and restaurants are locked into location and any built-in problems that may go along with the location. One example: lack of adequate parking space, particularly in high-density downtown locations. As a rule of thumb, specialty center planners like something over six parking spaces per 1,000 sq. ft. of gross leasable area.

Size: Make it just large enough to keep shoppers around for a few hours

If a specialty center is oversize, some experts fear, it can lose its charm or quaintness or aura of excitement.

"A specialty center shouldn't be too big," says Don Stewart. "There's a danger in that."

But The Prune Yard manager Joe Dabaghian cautions, "You need a minimum amount of square feet—enough to make people want to spend some time in your center." His center, now 85% in operation,
Parking stalls.

Individual buildings or clusters of buildings are interspersed. Take the town-and-country design, which says vertical centers don’t work. For example, Taubman Co., in Southfield, Mich., has drawn the line at three levels in all of its suburban shopping centers. The reason is psychological: Shoppers prefer lower floors. As retailers are quick to point out, even multilevel department stores locate their heavy appliances, furniture and similar low-volume merchandise upstairs, while fashions and other high-volume items get the downstairs positions.

One way to draw shoppers up to second- and third-level shops is by designing mid-level balconies between floors where small retail operations can be located.

Shop size also is an important factor. Kay Flood explains: “Our original concept at The Mercado was lots of little arts and crafts shops. But once we were operating for a while we found that good merchandising requires space, so some of the shops have since knocked out walls and expanded.”

And at Trolley Square some merchants—including a restaurant, a savings and loan and a florist—have found old trolley cars ideal for merchandising their operations and have moved into them.

Design: Stick to a basic scheme throughout the center

Architectural controls are extremely important in specialty centers. At The Prune Yard, which is a colorful blend of vines, malls, plazas, fountains, Spanish tile roofs and weathered wood beams, every retailer’s sign is made of earthtone ceramic tiles painted with black letters. At The Mercado all graphics, including the merchants’ signs, are handled by the same design and production company. Trolley Square lets tenants design their own signs subject to management’s approval.

“You can’t define all the possibilities in layout: Make sure it serves the tenants as well as the shoppers

in a well planned specialty center, whether open or enclosed, no merchant gets overlooked. That’s because the center is laid out so a visitor finds a new surprise—something he didn’t expect—at every corner and is thereby drawn through the center out of intrigue and curiosity.

Says Joe Dabaghian: “There’s no vantage point where you can get an entire view of The Prune Yard. The only way to see it all is to wander through every passageway and turn every corner.”

Not all centers do that well by their tenants. Take the town-and-country design, probably the most common approach to specialty center layout. With this design, individual buildings or clusters of buildings are separated by open space and parking stalls. The pitfall here is the same one that makes many regional centers unattractive: As a town-and-country design is expanded, so is the distance that shoppers must travel between merchants, thus there is the chance that some merchants will be overlooked.

Adding a second level to all or part of a town-and-country center adds leasable area without covering more ground. But there’s still one inconvenience that can’t be avoided: uncovered open space between stores. Thus, shoppers are exposed to the vagaries of the weather. An enclosed mall is the answer. It provides shelter from rain and hot sun and the same temperature year-round.

Many existing structures are ideal for enclosed shopping malls. Trolley Square, for example, is in a large building consisting of five bays that range from 55’ to 65’ wide by 420’ to 550’ long. The roof is high enough to accommodate two levels of merchants in a temperature-controlled environment. Wallace A. Wright Jr., a Salt Lake City apartment and motel developer, bought the trolley car barns in 1969 for less than $1 million.

Other existing buildings that are being converted to specialty centers are a railway terminal in Indianapolis, which will provide four levels of shopping but continue to function as a train station; a 50-year-old Chicago vaudeville house and movie theater converted to 60 shops on five levels that surround a courtyard; and a 15-story hotel in Dayton, Ohio to be converted to four levels of shopping around an atrium. Eleven floors of apartments will rise above the shops.

Some vertical specialty centers are seven levels high, but many people in the business say vertical centers don’t work.

For example, Taubman Co., in Southfield, Mich., has drawn the line at three levels in all of its suburban shopping centers. The reason is psychological: Shoppers prefer lower floors. As retailers are quick to point out, even multilevel department stores locate their heavy appliances, furniture and similar low-volume merchandise upstairs, while fashions and other high-volume items get the downstairs positions.

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“You can’t define all the possibilities in

Olde Mistick Village

Tenant mix at Olde Mistick Village was designed to attract both local shoppers and tourists. Forty-four merchants, housed in 24 frame buildings on a 19-acre site, include a grocery, dry cleaner and two banks for locals and nine gift stores and three antique shops for tourists.

Olde Mistick Village’s tenant combination seems to be working out: After one year of operation, retail traffic is brisk—40% from locals and 60% from tourists.

Tourists come because 1) the center is close to the famous Mystic Seaport Museum, aquarium and other attractions; and 2) the center itself is a replica of a 1720 New England village—complete with meeting house, pond, waterwheel, corncrib and apple orchard.

“But we are very much part of the local community, what with our sponsoring a Boy Scout Troop and putting on special shows for the benefit of local charities,” says manager and part owner Joyce Regan. “We feel the center is family entertainment where everyone can enjoy themselves whether they buy anything or not.” In any case all the retailers appear to be prospering and the center itself will soon be in the black.

Developer: Jerry Olson and Joyce Olson Regan. Architect: J. Glenn Hughes. (See also cover and page 66.)
writing," says manager Richard Robins. "We prohibit neon signs and recommend wood, but we've approved glass and metal signs, gold leaf and raised plastic letters."

Specialty center tenants in town-and-country complexes usually design their own exteriors, as well as interiors, under management's guidance and control. This was the case at Old Town, and the result is a variety of facades ranging from rustic to modern, but still compatible.

Specialty center finishing materials and landscaping run the gamut from early California Spanish tile roofs and heavy wood timbers to waterscaped atriums surrounded by tiers of wrought-iron balconies.

The experts agree on one point: Specialty centers shouldn't look modern or plastic; they must have authenticity, richness and texture—real flowers, real bricks, real wood.

Besides shops, restaurants and theaters, some specialty centers include offices and hotels, which can add to a center's variety of design. The Prune Yard is an example: Its two-level town-and-country shops are flanked by two highrise office buildings, one with a restaurant on top. Developer Sahadi put in the vertical office space because of site limitations. At Trolley Square a 12-story hotel is planned, as well as an additional 150,000 sq. ft. of shops.

**Tenants: Small shops are a center's mainstay—and biggest headache**

A specialty center's unique character depends as much on its merchants as on its design. So up to 50% of a center's leasable area may be occupied by restaurants, movie theaters, gourmet food shops and artists and craftsmen. Besides their unusual wares, specialty shops provide crowd-drawing activities, like metal sculpting, weaving, cake decorating and flower arranging.

"The restaurants help our other tenants by making it easy for people to spend more time here," says Joe Dabaghian, discussing The Prune Yard's eleven eating places. They include Mexican, continental and steak and lobster restaurants as well as a coffee shop that specializes in omelettes, a delicatessen, a bookstore-restaurant, a German hofbrau, and a penthouse restaurant offering a spectacular view at the top of one of the office towers.

"Restaurants don't do well in a typical shopping center," says Dabaghian. "The surroundings aren't right. But they do well in our kind of center."

Eleven restaurants and four movie theaters take up 45% of Trolley Square, and Richard Robins says two more restaurants will be added later. The theaters, which share a common lobby, each seat 300 persons.

While interesting shops and restaurants are the basis of a specialty center's tenant mix, good specialty retailers aren't easy to find. Says Dabaghian: "We went as far as Dallas to find shops. They had to be more than just interesting. They had to be professional, high quality and successful. It took a lot of looking. We averaged two tenants per 100 prospects."

The balance of a specialty center's tenant mix usually is made up of basic retailers, with heavy emphasis on women's fashions plus distinctive men's wear, jewelry, decorative furniture, toys, gifts and plants.

The Mercado center, currently 97% leased, is heavy on fashion shops, ranging from children's clothing to sportswear. There are also interior decorators, a goldsmith, clay molder, wood carver, glass blower, four restaurants and specialty food shops with alfresco dining areas. Two architectural firms, signed up during leaner years, will be dropped when their leases expire, converting the center to total retail.

But the outlook wasn't always so rosy at The Mercado: "Turnover was very high the first year," recalls Kay Flood. "Traffic was slow at the beginning, and many small shops were just not financially strong enough to survive."

While specialty shops are the basis of the specialty center concept, they may need supplementing. "You can go only so far with specialty shops," says The Prune Yard's Robins. "When there's a void in a certain kind of item, you need a department store to fill it." So Robins is currently looking for a regional department store of up to 30,000 sq. ft.

"Your stores must be large enough to generate volume," says Dabaghian. "If you end up with too many small tenants, you have constant turnover because no one makes enough money." Keeping that in mind has helped keep The Prune Yard's turnover to just five stores since the grand opening over two years ago.

A 30,000-sq.-ft. Tom Thumb grocery store was the first tenant in business at Old Town. The center also includes an 8,000-sq.-ft. chain drug store along with five restaurants and shops ranging down to 800 sq. ft.

Many specialty center developers handle their own leasing, sometimes with the part-time help of a broker. But ERA's Don Stewart cautions: "If you or your people don't know how to size up a merchant's business sense and close retail leases efficiently, you can waste a lot of time trying to lease up yourself, and you'll eventually end up hiring a broker anyway to bail you out."

To page 74
Courses: Today's deal usually calls for a separate management fee

Originally, annual specialty center rents were structured as follows:
Tenants paid whichever was greater—either a minimum per square foot (typically $5) or a percentage of sales per square foot (typically 9%).
The landlord paid for such common-area expenses as maintenance, insurance and taxes (typically $2.50 a square foot).

Thus, for a 1,000-sq.-ft. store, where sales averaged $100 per square foot, the owner earned $65 per square foot ($89 less $2.50 for common-area expenses).

Today, it's more common for the percentage-of-sale figure to be 6%, with each tenant paying a prorated share of the common-area expenses, plus joint advertising and promotional costs. Tenants have tended to resist this arrangement, which gives owners a built-in hedge against inflation. And as maintenance costs continue to rise, tenants will be keeping a watchful eye on management's operating efficiency.

Specialty centers do require considerably more upkeep than conventional shopping centers. At The Prune Yard, a staff of six maintains landscaping, replacing plants up to three times a year. Tenants pay $4 to a sq. ft. monthly for common-area maintenance, plus a contribution to a common advertising and promotion fund based on sales volume. Percentage-of-sales rates are negotiated individually, but average 6%.

Techniques for leasing up an enclosed-mall center differ from leasing up a town-and-country center. But the general approach is to categorize the tenant mix by size and financial strength, working on the Class A prospects—for example, movie theaters and major restaurants—first, then the Class B prospects and finally the untried small shops, like the craftsmen, that involve some degree of risk but are essential to the center's so-called ambiance.

In the typical town-and-country specialty center, tenants lease a shell and do all their own finishing work. At The Prune Yard tenants got a dirt floor and a roof. For Dallas Old Town tenants, it was wood subflooring on concrete piers.

Management:

You need a jack-of-all-trades pro to keep it running

Shopping center leasing and management, a demanding job, has been refined into a profession over the years. Those who pursue it as a career can study for the degree of CSM (Certified Shopping Center Manager) through the International Council of Shopping Centers' Management Institute.
The course is no snap. One applicant who recently took the final exam reported a failure rate of more than 50%. The council's membership includes some of the country's largest retailers: for example, Sears Roebuck and J.C. Penney, plus shopping center developers, owners, designers and lenders.

But with or without a CSM degree, a specialty shopping center manager must be a special breed. Besides the necessary leasing and management expertise, he or she needs a flair for promotion and merchandising.

“I've been managing shopping centers for more than ten years,” says Kay Flood, “but The Mercado is different. It's a completely new experience.”

Specialty center managers often come in near a center's conceptual stage and grow up with it—from negotiating the first lease to the grand opening. That's how it worked with Joe Dabaghian, who teamed up with developer Fred Sahadi at the outset. So Dabaghian has the advantage of knowing every detail of the center's development history.

A specialty center manager is the owner's public relations man among the merchants, a lease negotiator, a maintenance expert, an advertising designer and promotion creator. A center's ongoing success is in the manager's hands. It's a diversified job, and one for which experienced talent is in limited supply, so most good specialty center managers are created on the job.

Promotion: You'll probably need more than balloons and clowns

A specialty center promises its visitors recreation and entertainment along with shopping. And a consistent program of special activities is usually needed to fulfill that promise. The problem for management is to think up new ideas for events that will attract a broad range of people. This is the key to specialty center merchandising and promotion, and it continues for the life of the center.

Typical promotion ideas run the gamut from clowns to wine tastings, and include folk singers, pantomimists, magicians, vaudeville acts, art shows and Dixieland bands.

But as specialty centers progress, they are becoming more sophisticated. At The Prune Yard, for example, Dabaghian has a full time staff member whose sole job is to plan major events and organize them in the center's Gran Plaza each weekend.

“We don't go in for balloons and clowns,” Dabaghian says. “No antique car shows, no boat shows. We build our weekend events around cultural activities—especially musical events.” So The Prune Yard supports the Santa Clara Co. youth orchestra, which plays in the center's bandstand in the Gran Plaza on Sunday afternoons, hosts four or five major fashion shows annually and

SAN DIEGO

The Mercado at Rancho Bernardo

The Mercado was built as a drawing card for AVCO Community Developers' 5,900-acre new town, Rancho Bernardo, 25 miles north of downtown San Diego.

Forty merchants occupy 42,000 sq. ft. of gross leasable area.

The promotion keynote is "art in motion" so there's great emphasis on artisan/retailers who work in front of customers.

Examples: silversmiths, painters, glass blowers, wood carvers and rug weavers.

On the seven-acre site two-level, early California-style buildings occupy only 9% of the land; courtyards, 8%; parking, 33%; open space and landscaped banks, 49%.

Architect: Dale Nagle.

DALLAS

Old Town

Old Town, a 175,000-sq.-ft. center on 15 acres, is surrounded by 10,000 apartments and is close to posh neighborhoods.

Traffic flow past the center: 78,000 cars/day.

The center's 59 tenants pay rents of $5-$7.50 a sq. ft. against 5%-7% percentages.

"Sales volume is very good, especially for the supermarket, drugstore and restaurants," says manager Brad Williams. "So half the tenants pay percentage rents. Gifts and women's wear aren't doing well this year, but tenant turnover only has been 12% in four years."

Developer: Lincoln Property
Architects: Environynamics and Ted Howard.
to be surprises. Our visitors never know what to expect, but they know they'll always find something interesting going on here."

**Financing: Lenders are finally catching on, but you still need holding power**

Specialty center financing has never been easy to get. But as more centers are built and successful track records increase, lenders are becoming more receptive to the concept. There's even some conventional bank money available.

"To get specialty center financing five years ago," says ERA's Don Stewart, "you had to have good net worth and own the land."

Joe Dabaghian agrees. "In those days people couldn't understand a shopping center without major stores. They could understand a regional center with its major retailers, or a convenience center with its service stores. But they couldn't see the specialty center concept until a few were built. That's one reason why many are still retained in whole or part by the developers who conceived and built them.

Mortgage bankers who finance specialty centers want to see revenues that are more concrete than just a percentage of sales.

"They want a hard figure, a minimum rent against a percentage of sales, plus a common-area maintenance and management fee," says Stewart.

They also want occupancy in the 75% to 85% range, which can be infinitely more difficult to achieve than in an apartment complex. Even after a site has been locked up, the average specialty center requires at least six to 12 months for financing and design, at least a year to build and another six months to two years to reach 80% occupancy.

Leasing should start at the outset of development so that letters of intent are being signed at least six months before opening to assure that key tenants will be moving in when the center is ready to operate.

One scheduling complication: Different types of retailers prefer to open their stores at different seasons of the year. This can delay a lease closing or put the developer under extreme pressure to accelerate his completion schedule.

And a specialty center's uniqueness—which is what the retailer is buying—poses another problem: Prospective tenants often are reluctant to sign up until there has been enough construction to show what the center will look like. At The Prune Yard, for instance, at least 60% of the store shells were built before the second or third tenant moved in.

Fred Sahadi funded The Prune Yard initially with construction financing and cash flow from his apartments, but managed to have the center's three movie theaters operating five months after groundbreaking. The grand opening didn't take place until almost two years later when the center was 75% completed and leased and long-term financing was granted. The development and leasing staff worked in a Quonset hut for the first year. "We kept overhead at a bare minimum and spent our money where it counted," recalls Dabaghian.

Old Town was built in two phases of 145,500 sq. ft. and 30,000 sq. ft. Two strong tenants with good local reputations were signed up during the conceptual stage to get the center off the ground, and the first of these was in operation a year after groundbreaking. Two years later the second phase was completed, and all but 1,000 sq. ft. of the entire center was leased. Connecticut General Insurance Co. provided the permanent financing, committing on the second phase when the first-phase loan was closed and then rolling the second phase into the loan when that phase was completed.

Trolley Square is being financed by a local bank with a line-of-credit arrangement.

"It was highly unusual for a local bank to finance something as radical as Trolley Square," says Richard Robins. "There was no precedent. But the partners all had strong credit ratings, and that was enough to convince the bank. To get loan advances now we show the bank our rents and overages."

Two partners originally put the development together, then one partner sold out to seven others; some of them have an interest in Trolley Square shops, which they started to show prospective tenants what could be done. Sandblasting of the old brick walls and excavation of tunnels for plumbing and electrical lines started in 1969, and the center's four theaters opened in June 1972. They were followed by the first retailers three months later.

The Mercado opened in "bits and pieces," as Kay Flood describes it. It took about 2½ years to reach 80% operation after the first retailer opened for business.

Loan applications can benefit from the support of a professional market and site analysis and, possibly, from an appraisal of how the developer can escape from the deal if it fails—i.e., what's the land worth? ERA's average market, site and financial analysis runs about 100 pages and costs about $9,000. It recommends tenant mix, tenant list, tells how many people will come to the center, how long they will stay and how much they will spend. ERA also will help plan a concept or theme.

—H. CLARKE WELLS
The Village Green at Heritage Village

The Village Green is the social and commercial hub of Heritage Village, a well-known empty-nester condominium of 3,500 units. Six retail buildings on four acres house 60 tenants in 190,000 sq. ft.

Keystone of the retail area is the Bazaar, [ Hills, March 1971]. Built in 1970, it was one of the country’s first specialty shopping centers. Heavily timbered (see photo at right), it is a 37,000-sq.-ft. four-level structure with 22 retailers in a cavernous partially divided interior.

Adjacent is the Market containing a supermarket, TV repair, drug store and two-level liquor store.

There are seven merchants in the connecting Harrison Inn; five in the Financial Building and 22 in the Professional Building; the latter has mostly shops on ground level and medical offices on the second level. Retail tenants pay from $5.50 to $6.50 a sq. ft. against 5%-6% percentage rents.

“Only four out of 60 merchants are marginal money-makers,” says Richard Silcox, commercial director. “And many successes—such as the bakery, the candy store, the restaurants, the florist and hardware store—do two to four times the national average in sales per sq. ft.”

PROJECT: Mountain Park
LOCATION: Lake Oswego, Ore.
DEVELOPER: Mountain Park Development Corp.
SITE AREA: 700 acres
NUMBER OF UNITS: 3,800 including 800 single family; 800 townhouses; 2,200 apartments and condominiums
PRICE AND RENTAL RANGE: $34,000 to $125,000; $150 to $500
Mountain Park is essentially a land-sales project. Yet it has unusual cohesiveness, due chiefly to the tight architectural control the developers have exercised over their builders and to the unifying effect of the community buildings sited throughout the project. Even with an overall density of over five units to the acre—and up to 20 on some sites—Mountain Park gives the impression of openness and privacy. This was achieved by paying careful attention to scale and by mixing building types so that, for example, a townhouse cluster may be ringed by single-family homes, each type benefiting from the other’s open space. Most types of housing are represented in Mountain Park. The photo above, for example, shows the clubhouse of Condolea, an adult community. About a third of the eventual 3,800 units have been completed since development began in 1968.
Recreation comes in many sizes and shapes at Mountain Park, from a $1.8 million recreation center (above) with an Olympic-size pool, gymnasiums, meeting rooms and a television studio, to a unique equestrian center (top, right), a $1.2-million racquet club (stair, July) and 15 miles of jogging trails, bicycle paths and bridle paths. In addition, many of the individual townhouse or apartment complexes have their own clubhouses and swimming pools.

The developers have paid particular attention to the scale of the recreation buildings, setting them into the hillside so that they remain in scale with the neighboring homes. The recreation center, for example, is entered over a ramp and appears to be only one story high. However, the rear of the building (top, left) shows the massiveness of the structure, which contains 55,000 sq. ft. of space plus the pool. The equestrian center and the tennis club were similarly set into hillside. Both the recreation center and the equestrian center were designed by Broome, Selig & Oringdulph, and the racquet club was designed by Harlan, Gessford & Erichsen, all of Portland.
Land that was skipped over during Portland's boom years because of its steep grade now provides Mountain Park with its greatest asset: spectacular views. It became feasible to develop the site as prices rose for close-in housing, but even so, land costs of $7,000 an acre plus high development costs dictated an overall density of 5.4 units per acre.

Mountain Park's master plan (below) is distinguished by the way all types of residential, commercial and recreational buildings are deliberately intermingled in the same neighborhoods—a result of Planner George Gatter's experience with British new towns.

Some ten builders and developers have been involved in Mountain Park. The Mountain Park Development Corp. develops the land, then offers builders a package consisting of zoning and governmental reports—28 agencies are involved—land planning and advice on design before the drawings are submitted to Mountain Park's architectural committee. It also offers help in obtaining financing through its parent, the Far West Savings & Loan Assn. And finally, it develops all of the community facilities, including the recreation buildings, town center and the convenience center (above, right).

Land prices range from $7,500 to $18,000 for a 12,000-sq.-ft. single-family lot, $4,000 a unit for townhouses zoned at ten units to the acre and $2,899 to $3,000 a unit for apartments or condominiums zoned at up to 20 units to the acre. Some 40% of the land is being kept in open space.
Tanglewood apartments, a total of 168 duplex units, were built in two phases by Homeland Inc. of Portland. The site plan for Phase II is shown below. Rents range from $162 for one-bedroom to $320 for four-bedroom units. Typical three-bedroom units feature sunken living rooms with 11 ft. ceilings. The two-bedroom units have cathedral ceilings with exposed beams that soar to 18 ft. Campbell-Yost & Partners were the architects.
Greenridge apartments, shown above, were built by Dave Christensen Inc. and designed by Nelson, Walla & Dolle, both of Vancouver, Wash.

The two-bedroom plan *(top, center)* has been the most popular with renters because of its unusual bathroom arrangement: The bathtub is in a separate room flanked by two half-baths.

Rents for the 95 units range from $150 for an efficiency to $275 for the three-bedroom plan at right. Turnover has been low in all but the efficiency units *(plans not shown)*, and vacancies are currently about 2.5%.

Greenridge condominium townhouses at left, a total of 88 units, are located just north of the Greenridge apartments. Phase I was developed by Dave Oringdulph and the architects were Broome, Selig & Oringdulph. Phase II *(not shown)* is being developed by William Graeper.

Prices range from $32,500 for a 1,414-sq.-ft. two-bedroom model *(bottom, left)*, $44,000 for a 1,883-sq.-ft. three-bedroom model *(top, left)* and $47,000 for a 2,014-sq.-ft. two-story two-bedroom model *(far left)*. Sixty-eight units have been sold so far. Sales slowed to about one a month last winter, but recently picked up to about three a month.

The shaded areas in the plans are planted courtyards that surround the entries.
... and on its way, a European-style town center

It will have four- and five-story buildings combining shops, offices and apartments, deep-ribbed metal roofs with dormer windows; broad plazas with fountains and sculpture, and cobble-stoned (actually Romanite) alleyways with romantic names like D'Artagnan's Reach. And it will, in effect, turn Mountain Park's town center into a European village. The architects, Myers/Kroker of Portland, drew their inspiration from a whirlwind tour of France, Germany, the Netherlands, Switzerland and Scandinavia, plus a few stops on the East Coast to see projects such as Columbia, Reston and Heritage Village.

Work is about to begin on Phase I, which will include approximately 130,000 sq. ft. of retail space, 100,000 sq. ft. of offices and 75 one- and two-bedroom apartments. However, the developers are not yet trying to secure any tenants, preferring to wait until work has advanced far enough for prospects to see what an unusual shopping center it will be.

The plan of the town center (left) shows very little parking area, because the developers have taken advantage of the site's slope to provide multi-level parking structures. This will eliminate the need for massive paved areas and the attendant drainage problems, and still make it possible for a person to park within 100 ft. of his destination. The developers are also counting on the fact that office workers, shoppers and residents will park at different hours. Phase I will contain only 928 spaces.
HOW TO MAKE PROFITABLE DEALS IN TODAY'S DECIMATED RENTAL MARKET

The rental-market problem isn't a scarcity of tenants; it's pure economics.

Demand for rental housing has never been stronger in most markets, and it's rising fast in others. But with interest rates and construction costs at all-time highs, most apartment developers can no longer afford to start new projects.

So apartment syndicators and others in the acquisitions business are scouring the country for attractive existing rental properties—buildings and projects in good locations and with good assumable loans. And they're even taking second looks at properties they turned down last year.

But the second looks haven't yielded much. Most of the deals now up for grabs have been soured by impossible debt service, gimmick financing, bad locations and slovenly management. It was just such deals that wrecked syndicators and REITs in recent months. And the surviving companies, many of which also got burned, aren't about to buy more of the same.

Today the name of the acquisitions game is quality, not quantity. It's yields, not tax shelter; cash flow, not replacement value; servicing the investors' equity, not just the mortgage.

It isn't easy to put together deals that meet those standards. But today that's the only way to survive. Here is a close look at the current state of the apartment acquisitions business.

Developers can't come out now, so new apartments are scarce

Facing 9½% mortgages and prohibitive costs, developers can't make a profit on new apartment construction today. The few apartment developers who did start units this year are working for virtually nothing—just to maintain some activity and keep people on the payroll. Income from their builders' fees carries their overhead, but the cost to put units in place barely equals the value of the project, so there's no margin for any profit.

Ironically, apartment demand has never been stronger in many areas of the country. Says Preston Butcher, regional vice president for Lincoln Property Co.:

"Our northern California market is fantastic. Santa Clara Co. is the best I've seen it in six years. But we can't make a profit with a 9½% loan. If rates would just come back to 8¾% at 30 years, we could make a profit even with today's costs."

Lincoln, like other well established developers, is riding out the current construction slump by paring overhead and putting more emphasis on non-residential building. Last year the company's product mix was 70% apartments and 30% industrial and office space. This year it's 50-50.

To fill the gap some national apartment syndicators are turning to development work themselves. For example, Pacific Plan of Menlo Park, Calif. is developing a 278-unit apartment project in a suburb of Tampa, Fla.—"the first we've done from the ground up," says Executive Vice President Rex Gossett—plus three office buildings of about 30,000 sq. ft. each.

"We were still buying units under construction through last year," Gossett says, "but those deals had been put together a year earlier with lower interest rates and lower
building costs. So far this year, we have pur-
chas three projects and have three others
under option, and all six are existing proper-
ties."

Like the developers, syndicators are look-
ing to non-residential acquisitions to fill the
gap. Of the $14 million in acquisitions made
last year by Multivest of Detroit, 85% were
apartments, and the balance shopping
centers, mobile-home parks and office
buildings.

"This year," says Carl Kilpel, financial an-
alyst for Multivest, "we'll be buying more
shopping centers, and the percentage of
apartments will be smaller." Pacific Plan, like Multivest and many
other syndicators, still refuses to get in-
volved in condominium conversions: "It's a
separate business and fraught with danger,"
says Rex Gossett. One approach that some
may try is handling conversions as turnkey
jobs. That's what one major syndicator is
now doing, with Lincoln Property as the
conversion agent.

But apartments are still the bread-and-
butter of the syndicators. So with the supply
of new units all but dried up, the demand
for existing units is strong, and they consti-
tute virtually all of the acquisitions being
made this year.

Existing projects offer the advantage of
much lower risk than new construction. But
existing projects that make economic sense
are becoming more and more difficult to
find.

Too many existing projects are products of
bad arithmetic and no foresight

Syndicators say problem projects are now
available by the truckload from other syndi-
cators and REITs.

Often the problems stem from a failure to
project adequate cash reserves. Says Norm
Jacobson of Wagner/Jacobson Co., a 17-year-
old Los Angeles-based syndicator.

"They [syndicators] didn't worry about how
they were going to come out but only
about how the public would react to the
figure they projected, and the public wasn't
very sophisticated. The syndicators would
buy a used building or a new one and project
low operating expenses with no reserves fig-
ured for future replacement of things like
roof, carpets and garbage disposers. So for
the first two or three years everything was
great; they distributed the money they had
projected to the investors. Then, in the
fourth or fifth year, there was a need to
spend $100 per unit for repairs, but there
was no money." Some of today's failing projects are actu-
ally feasible from the standpoint of rentabil-
ity. They stay fully rented, rental rates go up
and expenses are normal. But they fail be-
cause their debt service is too high. Says Ja-
cobson:

"Any way you look at it there's only 100% of
scheduled gross rental income to work
with. But some of these guys were going in
on a shoe string with debt service of 65% or
more and expense ratios of 45% when re-

serves were figured in. So before they even
got started they were at 110% of schedule.
They must have figured inflation was going
to bail them out."

Some projects aren't easy to sell today be-
cause the buyers can't sell them for what
they originally paid. Reason: The buyers
overpaid to begin with to get certain tax
structuring. In a sale/leaseback transaction,
for example, the buyer overpays and then
gets some of that capital back in the form
of lease payments, which makes cash flow
look good for awhile. But the ultimate value
of the project may never equal the original
purchase price.

Some projects are failing because of un-
solvable physical problems—bad location,
for example. Others were overbuilt for their
markets and won't produce the rents they
require until inflation eventually catches up
with them. And a great percentage of today's
problem projects are the result of manage-
ment failures caused by syndicators and
their general partners running out the re-
ponsibility of running their properties.

S

ome critics say

public syndicators are

creating problems

with blind pools

The advantage of a blind pool is that the
public syndicator has money in hand, which
he has raised from investors, and can thus
write out a check and tie up the project im-
mediately. But private syndicators, who buy
first and then raise the money, claim that
blind pools force syndicators to meet an
annual quota of purchases and thus lead to a
lack of selectivity. Says private syndicator
Norm Jacobson:

"It gives the syndicator more of a con-
science when he has to put together each
deal individually, when the permit from the
real-estate commissioner's office is granted
individually, and when each deal is subject
to individual scrutiny by individual inves-
tors. To me, that's the right way to do it."

Jacobson doesn't set quotas for acquisi-
tions. "If a project comes along where we
can negotiate requirements that we can live
with over a period of seven to ten years, we'll
take it," he says. "But if none comes along,
we don't feel pressed. Some years we do four
projects, some years only one. We're not in
the syndication business full time because
we don't want to be forced to go out and buy
projects to stay in business."

Some higher-volume syndicators also
shun the blind pool fund. One example is
Moss & Co., a southern California syndica-
tor now in the process of taking over ten
existing projects. Moss acquires all of its
projects for resale as individual investments
to syndicates ranging from ten to 180 inves-
tors. Project sizes have ranged from eight to
525 apartments.

Another reason more syndicators don't
adopt the blind pool method is that blind
pools are subject to a host of regulatory prob-
lems. Says one California syndicator who
decided against making the effort:

"Blind pool syndicators come under the
jurisdiction of the corporation commis-
sioner, real-estate commissioner, state bank
commissioner—and even the comptroller of
currency. Any pooled fund requires a
trustee—normally a title company or a
bank, but title companies won't handle this
sort of thing, so you have to go to a bank,
and that puts you under the comptroller of
currency. And, of course, you're dealing
with a tax-exempt fund, so you have to
operate under the tax-exemption provisions
of the IRS as well."

Blind pool syndicators, however, deny any
lack of selectivity in their acquisitions. And
some have track records to back up the blind
pool approach. But all of them are having a
difficult time finding money this year be-
cause of poor economic conditions. Pacific
Plan, for example, is raising money for its
current fund at a rate of $1 million a month.

"And that's slow," says Rex Gossett. "We
should be raising $2 million a month."

D

espite their troubles,

REITs aren't
giving much away

As the rate of delinquent apartment loans
reaches 50% for some REITs, a great many
deeds are being taken over in lieu of foreclo-
sure. In some cases the REITs have no rea-
son to seek buyers because they're getting
back projects at bargain prices—i.e., the loan
amounts. And even though most of such
projects are now unprofitable, it may be to
the REITs' advantage to retain them until
construction costs rise another 20% to 30%
and the projects thus become competitive.

To raise cash to fund existing loan com-
mitments, a few REITs are being forced to
sell projects acquired through default. But
most are offering only their worst projects.

"Some are so bad that even with the most
creative financing in the world you're not
going to cure the problem," says one syndi-
cator. "If you have a project in a bum loca-
tion, what are you going to do? We took over
one like that to accommodate a financial
institution, and there's no way it can ever
make money." Most projects now offered by REITs have
prohibitively high debt service, which can't be reduced by refinancing because today's
high interest rates rule out any new loans.

Presidential Realty Corp.'s vice president
for acquisitions, Norman Tandy, cites one
example:

He was offered a 332-unit project with a
first mortgage at 14 1/2% and a second mort-
gage at 17 1/4%. Annual interest amounts to
Criteria for today's acquisitions
stress returns, not tax shelter

In the present inflationary marketplace
apartments are appreciating dramatically
on the basis of replacement value alone. But
that's not what motivates acquisitions
people. Says one:

"We base the true value of any apartment
complex strictly on net cash flow. Capitalize
that, and you arrive at a price. Sure, replace-
ment is important, but we won't buy a
piece of property unless it's making
money."

Nor is the tax angle a key factor. Says
Moss & Co. Vice President John Liebes:

"We buy strictly on the basis of economic
return—not on tax shelter—and we operate
our buildings as a business. Instead of telling
people how big their tax write-offs will be,
we tell them how much we think they're
going to make through return and appreci-
ation. We've sold more than 60 properties
that we've bought since 1960, and every one
of them has returned a profit of more than
18% before taxes."

Despite the scarcity of viable deals, some
acquisitions people—like Norm Tandy,
who buys properties for Presidential's own
portfolio—are still looking for yields as high
as 10%, although Tandy concedes, "There
aren't many of those deals around today."
Multivest, too, looks for 9% to 10% yields.

But Liebes says, "Practically speaking,
you can't find buildings that will yield more
than 7½% to 8% over a five- to six-year
period, after allowing for maintenance,
repairs and turnover. When you've got a
growth property, an 8% return is a solid re-
turn because the rest of the profit will come
from the project's appreciation."

Moss & Co. holds its buildings for an
average of five to five and one-half years.
But, as Liebes explains, that can vary:

"The first one we ever syndicated, in
1960, we still own. The property is doing
well, keeps growing in value each year, and
we can't find anything better. Other build-
ings we've sold within six months to a year
because we felt we'd maximized the rentals
in that period and it was the right time to
sell them."

Both Multivest and Pacific Plan hold
properties for five to seven years. Says
Pacific Plan's Gossett:

"We've some properties from which we're
paying the investors 10% and still building
up cash reserves over and above that because
of the length of time we've held them."

One project just sold by Pacific Plan illus-
trates Gossett's point:

"When we bought it in 1968, rents
averaged $95; when we sold it, they were
at $140. We bought the property from an S&L
with a 6% loan. It was three years old then,
very cheaply built, but we kept it in tip-top
condition, held it for a little over five years,
and the investors came out with the net ef-
effect of having doubled their money during
the five years."

To return 8% to an investor, a property
generally must show about a 9½% yield on
the down payment with normal or 'ungim-
micked' financing. So acquisitions people
looking for yield are avoiding any kind of
tricky financing.

"We don't like to get involved in any par-
ticipation mortgagee, kickers or stuff like
that—just straight deals," says Carl Kilpel
of Multivest. Gossett agrees: "We're look-
ing for good real estate investments; we
don't gimmick the deals in any way, shape
or form. The only kind of leaseback we'll
take is for buildings under construction,
we'll take a leaseback with the builder until
he gets rented up to 90%.

Pacific Plan will also adjust the sales price
allow for vacancies. And it's willing to
handle the renting up—a job that Multivest
avoids:

"That should be the seller's respon-
sibility," says Kilpel. "He should rent it up
to an acceptable level—about 93% to 95%.

Today's high interest rates rule out refi-
ancing. But, high rates or not, syndicators
are divided on whether to get involved in
refinancing.

"It's tough enough to buy good proper-
ties," says Kilpel. "If you start trying to get
new financing for them at the same time,
your problems increase. We try to buy
properties subject to an existing first mort-
gage, though some deals are structured so
the seller takes back a second mortgage."

Few syndicators are interested in projects
of less than 150 units. And most draw the
age line at five years. But some will consider
a project as old as ten years, depending on
its condition.

For example, Pacific Plan, which nor-
ally sticks to the five-year limit, recently
bought a six-year-old property in Omaha.
It is a well built brick building in a good loca-
tion three blocks from a newly completed
city center of stores, offices and a hospital.
Also, with a 30-year, 8½% loan for 80% of
the purchase price, the property was a good
buy. Pacific Plan is installing $90,000 worth
of carpet, a $20,000 sprinkling system and
$10,000 in cosmetic improvements. It is
also putting through an immediate $10 rent
increase.

"After we do what we plan with this
building, it will be three years old instead of
six," says Gossett.

Acquisitions people
need ingenuity
to make deals
on today's market

Sometimes there's just no way to make a
deal work.

Ten properties that were syndicated by
other syndicators are now being taken over
by Moss & Co., either as property manager
or as substitute general partner and man-
ger. But John Liebes points out, "We've also
been turning down many deals because
there was no equity in them and we can't
afford to get into a deal as a general partner
with no equity."

There are alternatives. Some were sug-
gested recently by Norm Jacobson, writing
as editor of the California Syndicator, the
quarterly newsletter of the California Real
Estate Association's Syndication Division.
He suggests that syndicators meet refinanc-
ing needs temporarily with high-interest,
short-term bank loans, then replace these
loans with lower-interest financing at a later
date. For older properties with partly used,
low-interest mortgages, he suggests avoid-
ing new financing by selling with higher
down payments to buyers who are not lever-
age oriented. And for sound projects with
less than desired cash yields, Jacobson rec-
ommends buying on the assumption that a
major round of rent increases is forthcoming
and that yields will thus improve.

Non-leveraged properties, or properties
purchased for cash, can also be attractive ac-
cquisitions for those who can raise the capi-
tal. As such properties appreciate, their eco-
nomic value improves dramatically, so the
syndicator can then refinance and begin re-
turning capital to the investors. Or the capi-
tal from the refinancing can be used to buy
another project. In fact, Jacobson recom-
mands that the prospects for a non-
leveraged offering state that proceeds from
refinancing will be used to purchase another
property acceptable to the partnership.

One fact of life is that existing properties
generally produce a lower initial tax write-
off than do new ones. So syndicators must
convince investors that a sound apartment
project is a hedge against inflation, which
makes more sense than a tax writeoff.

At least one syndicator is trying to get ap-
proval for a pooled investment fund that
would permit pension funds to buy apart-
ment projects. The projects would be ac-
quired free and clear, with virtually no fi-
nancing. Such a fund would also let the syn-
dicator acquire projects with onerous loans
that could be prepaid in a short time to make
the projects viable.
Some smaller brokerage firms are taking advantage of their flexibility to offer services aimed at helping REITs and banks bail out troubled apartment projects. They offer a loan service for problem mortgages, plus resale and property management service.

Quaestor Associates, a northern California acquisitions consultant, is setting up a service that would 1) analyze portfolios of properties to determine which should be resold, 2) examine rents in relation to current market conditions, 3) suggest management changes and 4) recommend a strategy for selling projects when appropriate.

Some syndicators are even willing to do rehab work

Moss & Co., in fact, has specialized in taking over rundown, mismanaged properties and rejuvenating them for syndication. Presidential and others will renovate and refurbish when necessary.

Pacific Plan, for example, acquired two Tustin, Calif. buildings that were rundown, "totally mismanaged," and in need of capital improvements. One building had 30 vacancies, bad tenancy and a senseless rental structure—e.g., as much as $20 difference between identical, side-by-side apartments because of arbitrary rent cuts made out of desperation by previous managers.

"However," explains Rex Gossett, "both buildings were in excellent locations. We were able to buy them with easy second mortgages—good long-term financing of 8 1/2% for one and 9% for the other—because the owners wanted to divest themselves. We set up reserves for what must be done for the next five years, actually putting the cash aside at the outset because the buildings can't generate that kind of money." The company then raised all rents by $10, evicted some tenants, launched a strong rental effort and planted new landscaping. Result: The building that had 30 vacancies is now 96% occupied. It also meets Pacific Plan's standard except for some scheduled repainting.

Some syndicators are very active in HUD projects, even to the extent of tackling subsidized rehab work. In particular, since 1972 one big syndicator with projects in 30 states has been involved in section 236 projects through pooled syndication funds. Under government housing rules any syndication of a 236 project must have a two-tier ownership setup in which the syndicator is the limited partner and a local builder or contractor is the general partner. The general partners develop plans for new or rehabilitated properties and present them to HUD as candidates. If a construction or rehab loan is approved, the partnership goes into the project and obtains permanent financing after completion when HUD certifies the costs.

"HUD rehabs can be very good," says this syndicator, "provided you have the right general partners and you know what you're doing." Example:

The city of San Francisco was looking for apartments for the elderly that 1) had common dining facilities, and 2) were near the center of town where transportation and medical services would be close by. A general partner came up with an idea: Purchase transient hotels with kitchens in each room and convert them to the kind of apartments the city was seeking. Four such projects have now been converted, and each is full and has a waiting list.

Another small syndicator bought and took over the management of ten distressed HUD projects—section 236s, 207s, 221d3s and 221d4s—but has now decided it prefers conventional apartments. Says a company spokesman: "The big problem with distressed HUD projects is that they're almost always in bad locations where management problems and renting are a terrible headache. You have to get permission from HUD to raise rents, although you're normally 10% to 15% below competition because of the low debt service.

A few syndicators have raised their property management fees to 6%, and most, though still at 5% or less, are contemplating raises. No successful syndicator farms out management. John Liebes of Moss & Co. explains why: "Property management is what we keep our company going all these years. We manage 55,000 apartments.

"Any time you farm out management, you've got a problem," says Rex Gossett of Pacific Plan. "That's how a lot of syndicators got into trouble." So his company manages everything it has bought, which now amounts to 7,000 apartments with another 2,000 soon to be added. It charges a 6% management fee. "That's a true 6%," Gossett says. "We don't have any hidden corporations supplying things to the buildings and writing the insurance policies. That's what some companies do, with 4% and 5% fees are doing. So they're getting 6% or more, but the added 1% or 2% comes under the table.

Lincoln Property charges a 5% management fee, but Preston Butcher thinks it should be higher—"especially," he says, "if you get involved in figuring the investors' tax returns and tax projections." Butcher, like Gossett, also emphasizes that his company's fee is a legitimate one: "We don't load a project with high-cost overhead and charge it off to the investors. The overhead is at our office and we absorb it." Lincoln manages 55,000 apartments.

One reason for the higher fees is that some management-conscious companies are upgrading their compensation programs for property managers. Quaestor Associates, for example, recently set up incentive management contracts for three apartment deals in Texas. The contracts resulted in a 10% potential fee because the incentive formula included on-site as well as off-site management.

Quaestor principal Grayson Sanders strongly advocates incentive contracts to motivate property managers to squeeze out an extra couple of points of cash flow: "When you charge a straight fee of 5% or 6% of collected revenues, there's no incentive for the property manager, in terms of dollars, to run a 95% occupancy instead of 93%. The 2% difference makes no difference to him, but it means plenty to the investor because it all comes down to the bottom line.

Outlook:

no new building until rates fall to 9% or rents rise by 20%

"Building costs are not going to come down, and I don't see interest rates declining very much. New apartments could be built if interest rates were stabilized, but the question is could your tenants afford the 20% to 25% higher rent?" So says Rex Gossett.

Preston Butcher agrees: "Mortgages were at 10 1/2% in 1969, then back at 8 1/2% in 1971. If we don't hit that cycle again, rents will have to go up at least 20%. It will take a 5% increase just to offset increases in apartment operating costs—they're now up to 42% of rent rolls for most of us."

Lincoln and other big apartment developers who are surviving the current shake-out will have two advantages when things get better: Many of their competitors have been wiped out in the past several months, and buildable land for apartments is now so scarce that new companies will be discouraged from entering the field.

This makes some smaller syndicators unhappy because they prefer dealing with small builders. Says one: "In new construction you should be with a relatively small builder who has low overhead—maybe a partner and two secretaries and a field man—rather than a behemoth of a firm with 20 vice presidents earning $50,000 a year. Many large companies can't put together apartment projects cheaply enough because their overhead is too high. When new construction again becomes feasible, the most successful new projects will be by builders with low overhead." —HCW
THIS ATRIUM TRAPS THE SUN ... AND IT CUT A SIX WEEK HEATING BILL TO $2.90

Solar cell atrium (drawing above and upper photo, facing page) matches conventional solar collectors in cutting heating costs. It collects the sun’s rays through two Plexiglas skylights (bottom photo, facing page) and radiates heat to every room in a house built by Bob Schmitt in Forest Park, a suburb of Cleveland. It is also the central living area where, says the builder, “you can hold a shirt-sleeve cookout on sunny days even when the temperature outside is zero.” The house was designed by the builder’s architect-brother, Edward A. Schmitt.
Ohio builder Bob Schmitt seems to have come up with the proverbially better mousetrap. But in his case, it's a better sun trap.

His Sun House, shown here, was built without traditional solar collector equipment [H&H, Feb]. Yet it needed only $2.99 worth of auxiliary heat from March 20 through April 30, when the outside temperature ranged from 20' to 60'. And the annual heating bill is estimated at no more than $75.

Schmitt's solar cell is a rooted-in atrium, which traps heat from sun rays that filter in through two Plexiglas skylights (lower photo, facing page) and disperses that heat throughout the two wings of the house.

The builder admits that his atrium sun trap isn't a technological milestone by any means. But he's convinced that it makes a lot more sense than conventional solar heating equipment:

"This is a year-round indoor patio, with no insect problem and where flowers can bloom even in the winter.

"So we got a dollar's worth of amenity value for every dollar we spent to gain solar heat."

Schmitt's dual-purpose solar-heat concept has paid off not
Second generation Sun House (elevation above, plan right) is smaller than the original (below) but retains basic plan. Two differences: There are windows in the bedroom that does not open onto the atrium and there are sliding glass doors leading from the kitchen to the patio. Schmitt's former chief operating engineer, James A. Downie, says that heat loss from exposed glass areas won't have much effect on the heating bill.

Sealed fireplace (plan right) radiates more heat than a conventional fireplace because of its single-metal construction. Special damper and fuel controls and an enclosed firebox provide for a controlled rate of burning. Thus, says Schmitt, three or four logs will burn three times longer than they would in a conventional fireplace and, in the process, throw off infinitely more heat into the space where it is required.

Schmitt's Sun House works because of its special design and super insulation. Two small clerestories are the only windows exposed to the outdoors. So heat loss through glass areas is cut to a minimum.

Every room opens to the atrium through sliding glass doors, and it is through those openings that the rooms receive heat from the atrium.

The atrium retains the solar heat for two reasons: 1) It is heavily insulated—e.g., 1" of Styrofoam in the roof and walls; 2) it's built with low heat-transmission materials such as the dark floor that serves as a heat sink.

To augment the solar heat on cloudy or extra-cold days, a special fireplace (plan below) was designed for the atrium. Unlike most fireplaces, it is a sealed system—meaning that it gets the air needed for combustion from the outside, and thus doesn't rob the atrium of sun-heated air.

Summer cooling was also considered in the atrium's design. Hence, the front and rear ventilator doors (see plan) and clerestory louvers. Opening the doors and louvers generates a gravity air movement that lowers the atrium's temperature. The temperature can also be held down by shading the Plexiglas roof panels with translucent covers.

The house hasn't been through a summer. But last month Schmitt figured that auxiliary cooling costs would be no higher than auxiliary heating costs. Both are handled through two heat pumps—one for each wing of the house.
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With sleek contemporary design...

and conveniences like these...

West German cabinet makers aim for the U.S. builder market

And their ability to adapt to U.S. specifications may put them right on target.

European kitchens are traditionally constructed in metric modules with a 34" counter height. Now three West German firms, Plan Team America, SieMatic and Tielsa, have modified their production lines to build cabinets in conventional U.S. measures with 36" counter heights.

Thus American developers can now offer the best of both worlds—the advanced technology of U.S. appliances and the many convenience features of the European cabinet systems. The wide range of built-ins include:

- rolling service and food-preparation trolleys that meld into base units
- slide-out breakfast- and worktables
- fitted drawers for tools, utensils, flatware and cookbooks
- fitted full-height broom closets
- condiment cabinets that include spice boxes and slide-out plastic food containers
- retractable meat slicers
- concealed wine racks
- 360° revolving corner cabinets
- recessed lighting
- integral display shelves
- automatic dish-towel drying rack
- concealed range hoods

A unique aspect of these West German systems is that they also offer matching room dividers to separate kitchens from dining or living areas. Dividers can be equipped with pass-through serving windows, double-sided cabinets, open or closed shelving and locking doors and can be wired to accommodate lighting and appliances.

Cabinetry is available in a range of styles in more than ten brilliant contemporary colors in either glossy or matte finishes. Tielsa and SieMatic also produce real-wood lines in walnut, teak, rosewood, oak and mahogany...
'American developers can now offer the best of both worlds—the advanced technology of U.S. appliances and the many convenience features of the European cabinet systems.'
Built-in conveniences meet every need. Some features in the Tielsa line are: A pullout worktable with a flap leaf to allow for extra length (A); A drop-down cookbook drawer for easy reading without spilling and splattering problems (B); A corner cabinet with revolving shelves for easy access (B); A provisions cupboard equipped with slide-out wire baskets to allow food to breathe (C); Lift-front wall cabinets designed for installation over sink and work areas where standard swing-open doors might be hazardous (D); Pin-point lighting and a concealed pull-out range hood that melds into wall cabinets (E); A fully fitted condiment cabinet including spice racks and boxes, transparent food containers and a key-lock safe (F); A slide-out breakfast table with adjustable height legs (G).
any. The dividers may match the cabinetry on the kitchen side and have a white laminate or real-wood furniture finish on the living area side.

Prices for the SieMatic and Tielsa lines are on a par with the most expensive U.S.-produced cabinetry; Plan Team America's falls somewhere in the middle of the high-priced range. All three manufacturers agree, however, that as demand increases prices should drop.

SieMatic, affiliated with Oxford Manufacturing of Oxford, Pa., expects to begin at least partial U.S. production within 18 months. Tielsa and Plan Team America have no definite plans at this point, but they both see U.S. production as a possibility.

If the experience of David Campbell is any indication, the German kitchens can help sell luxury homes. Campbell is president of Water Glades, a five-tower luxury condominium project on Singer Island, West Palm Beach, Fla. More than 160 units have been sold at prices averaging over $100,000 since May 1973, when sales began.

A purchase motivation survey shows that the kitchens, which are equipped with Plan Team America cabinets, are among Water Glades' strongest selling points. They ranked fourth out of 32 possible incentives to buy, topped only by a geographic location that affords double water views; a floor plan that provides for just four apartments to a floor, each with a wrap-around terrace; and an entryway that features double doors opening onto a large center foyer.

For more information on cabinetry, circle 270 for Plan Team America, 271 for Tielsa and 272 for SieMatic.

—Elise Platt

Sleek design is a strong selling point. Tielsa's furniture-style divider wall (above) is available in the matte white or a choice of real-wood finishes. The kitchen cabinets come in a wide range of styles. The SieMatic line includes the 2002 series (left) with a horizontal slatted effect; the subtly curved 6006 group (below left) with concealed finger grips and the flush front 5005 series featuring recessed circular handles (top page 101).
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“Campaign” cabinetry proves that a kitchen doesn’t have to look like one. The walnut-stained pecan line of full height cabinets features flush doors with specially designed brass hardware. The “unkitchen” includes abundant storage space, a big work area and a set of appliances. Quaker Maid, Leesport, Pa. CIRCLE 200 ON READER SERVICE CARD

Decorative-glass oven doors are an option on most Magic Chef range models. Avocado, harvest gold, coppertone and woodtone-colored glass as well as shaded black glass are available. Part of the “Sparkling Glass” series, doors are framed in chrome with chrome handles. Magic Chef, Cleveland, Tenn. CIRCLE 201 ON READER SERVICE CARD

Childproof glass ceramic cooktop features a sliding black glass center panel that conceals controls, preventing little hands from turning on the heat. The unit, divided into two areas, has four cooking elements. Infinite heat controls have operating indicator lights. Modern Maid, Chattanooga, Tenn. CIRCLE 202 ON READER SERVICE CARD

Jam-free waste disposer, “Model 2800”, features an impeller action that retracts instantly if overloaded. No complex reversing motors are necessary. Unit has fiber glass sound shields to reduce noise. Waste King Universal, Los Angeles. CIRCLE 203 ON READER SERVICE CARD

“Celestial White” laminate countertop is equally at home in traditional and contemporary kitchens. The pattern, with neutral shading and a touch of green in swirling tortoiseshell configurations, is a contrast for solid color cabinetry. Formica, Cincinnati, Ohio. CIRCLE 204 ON READER SERVICE CARD

Side-by-side refrigerator/freezer features a chilled-water dispenser in the freezer door. The 24-cu.-ft. unit, with a third, easy-access door in the freezer compartment, is equipped with an automatic icemaker and a can dispenser. O’Keefe & Merritt, Los Angeles. CIRCLE 205 ON READER SERVICE CARD

more products on page 108
Just when you think the problem can't be solved, someone finds an answer in vinyl.

Tough specs made it difficult to build a curtain wall at ground level around this mobile home. The material selected had to resist denting and scratching. It had to be rigid and strong, yet light in weight. Weathering would be a problem. Low maintenance was desired. And the finished panel must be readily removable for easy access to utilities and storage. General Plastics Corporation, Marion, Indiana, found all the answers in one material—Geon® vinyl.

In the restful new residential community called Level Green, Virginia Beach, Virginia, minimum maintenance was uppermost in the builder's mind. So R.G. Moore Building Corporation chose siding made of Geon vinyl by Bird & Son, inc., East Walpole, Massachusetts. Because this siding is made of Geon vinyl, it resists dents, won't rust. Color goes all the way through the vinyl.

A special kind of pipe was needed for this roof-top cooling system. It would encounter prolonged exposure to sunlight. Freedom from rust and interior corrosion was highly desirable. So was light weight. The Neumark Company of Albuquerque, New Mexico, found what they wanted in white, Schedule 40 PVC pipe made of Geon vinyl.

More than 50 years old and completely vandalized, this building was only a shell. But it was structurally sound enough for rehabilitation. Products made of Geon vinyl were used extensively—windows, siding, DWV, interior trim, flooring, enclosures around tub and showers. Performance and cost advantages of vinyl were impressive. Ask us for a complete report. B.F.Goodrich Chemical Company, Dept. H—32, 6100 Oak Tree Boulevard, Cleveland, Ohio 44131. The people who started it all in vinyl.
Contemporary “Convair” lounge seating group is constructed of natural beech molded-plywood. Comfortable round chairs have urethane-filled loose back and seat cushions upholstered in vinyl, leather or a choice of fabrics. Matching occasional table has a smoked glass top. All pieces are on swivel casters for mobility. Thonet, York, Pa. CIRCLE 219 ON READER SERVICE CARD

Matching buffet and china cabinet are stacked to serve as one unit. Constructed of pine, both feature a light “Alpine” finish. The buffet has two pull-out trays behind the double doors and an adjustable shelf behind the single one. The china closet has lights and glass shelves. Pennsylvania House, High Point, N.C. CIRCLE 220 ON READER SERVICE CARD

Versatile avant-garde “Swinger” serves many functions. This single piece is a chair, lounge sofa and bed all rolled into one. Designed for apartments, the geometrically shaped, space-saving unit is available in a wide range of upholstery fabrics including corduroy and denim. Mariposa, Toronto, Ontario, Canada. CIRCLE 221 ON READER SERVICE CARD

Lightweight contemporary seating group, “Casual Canvas”, consists of canvas panels stretched over hardwood dowels. Furniture can be shipped KD or set up. Line includes a chair (shown), a settee, a sofa and an ottoman. Units come with arm cushions and side panels, which can be removed. Sahn, Milwaukee, Wis. CIRCLE 222 ON READER SERVICE CARD

Dining table (below) imported from Brazil has a creamy colored smooth top made of particle board coated with hand-rubbed layers of polyester. The base is of chrome-plated steel. The chair is fiber glass and polished aluminum. Mobilinea, New York City. CIRCLE 223 ON READER SERVICE CARD

Versatile collection of occasional tables, “Hoop Group”, fills almost any need for any room. The series of contemporary chrome and glass tables includes seven models in a variety of shapes and sizes. Shown are a 34” high plant or sculpture pedestal, a double-base rectangular coffee table and a round cocktail table. Cosco, Columbus, Ind. CIRCLE 224 ON READER SERVICE CARD

more products on page 110
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Harvel, Easton Pa. CIRCLE 225 ON READER SERVICE CARD

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Bomanite, Palo Alto, Calif. CIRCLE 226 ON READER SERVICE CARD

Fiber glass reinforced panels in a marbleized pattern, “Barclite Drift” (below), are ideal for patio and pool areas. The easy-to-maintain translucent panels come in blue, green and redwood with frost white reverse sides for coolness.

Barclay, Lodi, N.J. CIRCLE 227 ON READER SERVICE CARD

“Epoxy-Rok” architectural surfacing is a versatile aggregate landscaping material. The water-clear, low-odor epoxy can be combined with stones and pebbles providing an easy-to-maintain surface with unlimited design potential.

Hallemite, Montvale, N.J. CIRCLE 228 ON READER SERVICE CARD

Retractable patio awning features a PVC and polyester canopy coated with a special low-maintenance finish. Arms and braces are anodized aluminum and brackets, extruded aluminum. Carefree, Scott & Fetzer, Broomfield, Colo.

Carefree, Scott Fetzer, Broomfield, Colo. CIRCLE 229 ON READER SERVICE CARD

Translucent fiber glass panels, Alsynite®/Structoglas, are lightweight and easy to handle. Panels, available in a wide range of patterns and colors, can be used as patio roofing (below), for fencing or in carports.

Reichhold Chemicals, Cleveland, Ohio. CIRCLE 230 ON READER SERVICE CARD

more products on page 112
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"Model FE" air handlers incorporate direct expansion evaporator coils and nickel-chromium electric heat elements. Available in 1½ to 5 ton sizes, units can be converted from upflow to downflow by reversing the coil assembly. An optional drainpan kit allows for horizontal conversion. Northrup, Dallas, Tex.

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U.S. Gypsum, Chicago.

CIRCLE 301 ON READER SERVICE CARD

Wall paneling is shown in full-color photographs of room settings and close-ups of woodgrain patterns. Core construction, face veneers, finishing and adhesives are described in detail. Fire-retardant paneling is featured on two pages—one of text and one a fire-hazard classification chart. Specifications are included.

U.S. Plywood, New York City.

CIRCLE 303 ON READER SERVICE CARD

Land-use legislation in Oregon, Vermont and Florida is chronicled in three booklets. Each individualized account begins with a history of the state's growth record—what brought it to the point where land-use regulations were deemed necessary. Laws planned and discarded as well as those passed are described. And finally, there are discussions of the effects—or lack of effects—such regulations have had. Each booklet contains a rough map of the state plus physical descriptions of its terrain. The booklets are available for $1 each from the Publications Dept., The Conservation Foundation, 1717 Massachusetts Ave. N.W., Dept. HH-NL, Washington, D.C. 20036.

Vinyl siding is the subject of an eight-page, full-color brochure. Product characteristics and advantages are presented. Mastice, South Bend, Ind.

CIRCLE 305 ON READER SERVICE CARD

Efficiency kitchen appliances and cabinet packages fill a full-color catalog. Each unit is fully described in text, with accompanying illustrations and specifications. Davis, Sowagiac, Mich.

CIRCLE 306 ON READER SERVICE CARD

Square yard/meter conversion booklet lists centimeter and meter equivalents for linear feet and inches, then provides square yarage or square meter computations for 9', 12' and 15' widths. Table uses contrasting-colored columns for yards and meters to avoid confusion. Another table tells how to convert conventional length, area, mass, liquid volume and temperature measurements to metric measure. Berven Carpets, Fresno, Calif.

CIRCLE 311 ON READER SERVICE CARD

Hardboard siding brochure uses full-color photographs and illustrations to present product styles and uses. A soffit system is also described. Specs and application and finishing instructions fill several pages. Masonite, Chicago.

CIRCLE 307 ON READER SERVICE CARD

Folding bath enclosures are presented in a full-color folder. Design and installation features are described. Seven available panel colors are shown. A cross reference booklet lists complete specifications. Kinkead, Chicago.

CIRCLE 315 ON READER SERVICE CARD

Window hardware is cataloged in a 92-page black-and-white booklet. Replacement parts and drapery hardware are also listed. Diagrams, specs and prices are included. Blaine, Hagertown, Md.

CIRCLE 308 ON READER SERVICE CARD

Metal studding drywall partition systems are illustrated and described in a brochure. Products advantages and installation procedures are discussed. U.S. Gypsum, Chicago.

CIRCLE 309 ON READER SERVICE CARD

Air conditioning and heating equipment catalog consists of illustrations, specifications and charts. Products listed include room air conditioners, console humidifiers and electronic air cleaners. Also listed are remote air conditioning and heat pump stations, mobile home air conditioning and rooftop heating and cooling systems. Heat Controller, Jackson, Mich.

CIRCLE 310 ON READER SERVICE CARD

Stainless steel sink tops, bowls and accessories are featured in a 50-page catalog. Illustrations and specifications are included. Just Manufacturing, Franklin Park, Ill.

CIRCLE 312 ON READER SERVICE CARD

Glazed concrete block catalog details physical properties and advantages. Colors, shapes and textures are shown in full-color photographs of actual applications. Specs and installation instructions are included. Burns & Russell, Baltimore, Md.

CIRCLE 314 ON READER SERVICE CARD

Bonding agents catalog describes a heavy-duty bonding product, one for plaster, two bonding additives plus sealing/dustproofing, self-bonding and quick-set compounds. Charts show performance-test results. Illustrations and diagrams accompany full specifications. Larsen Products, Rockville, Md.

CIRCLE 313 ON READER SERVICE CARD

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CIRCLE 115 ON READER SERVICE CARD
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Pre-filed catalogs of the manufacturers listed above are available in the buyer's catalog file as follows:

- A: Architectural File (green)
- I: Industrial Construction File (blue)
- L: Light Construction File (yellow)
- D: Interior Design File (black)