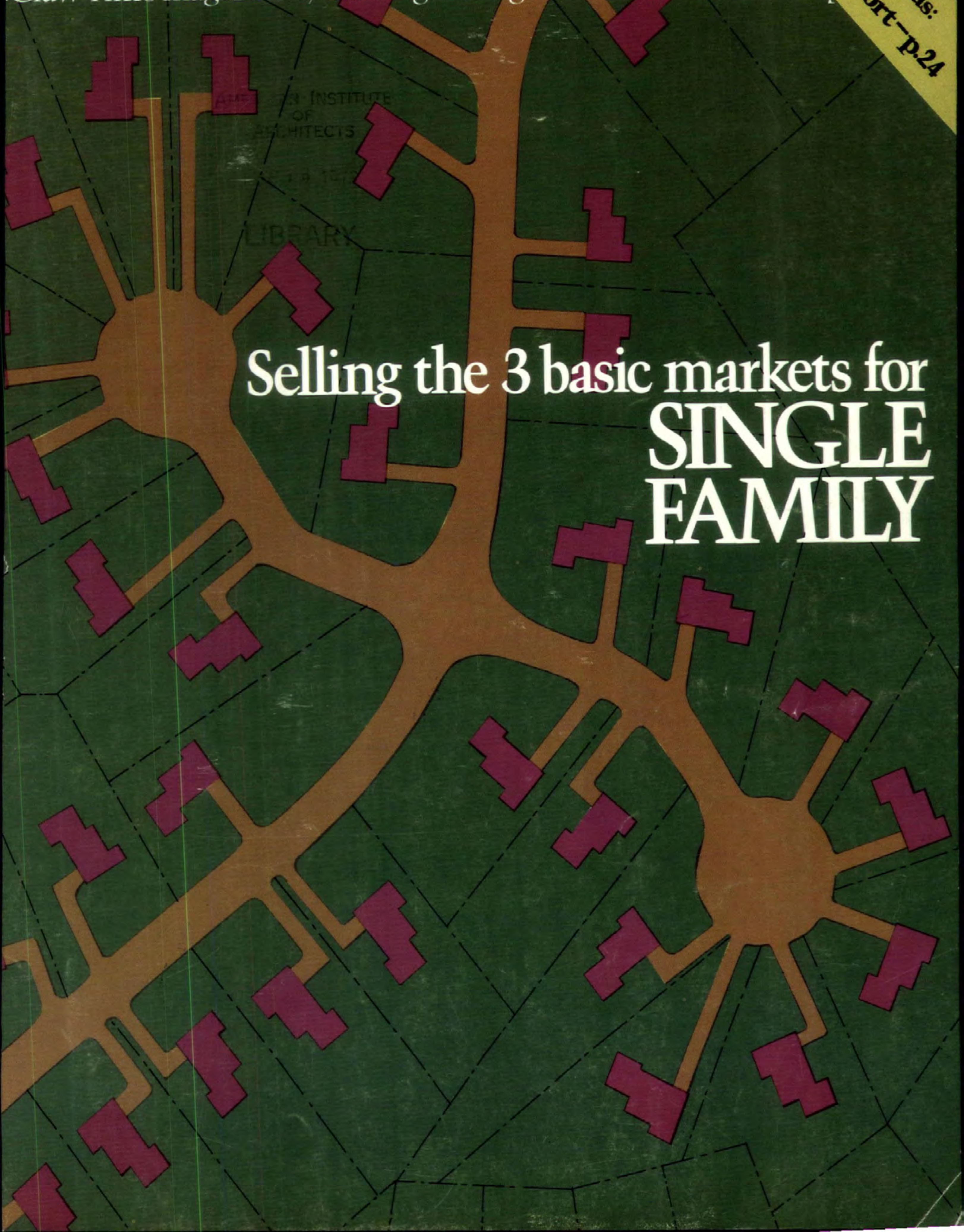
bruary 1978

House & Home

McGraw-Hill's magazine of housing and light construction □□□ $2

On deadline in Dallas:
Builder Show Report—p.24



Selling the 3 basic markets for SINGLE FAMILY

Frederick C. J. Schnabel, General Partner,
Schnabel–Andrichyn
Kulpsville, Pennsylvania

CORIAN® vanity tops and bowls are standard in all units.

"In our condominiums, we get terrific benefits from DuPont CORIAN. It's a great sales feature."

Two long-time Eastern Pennsylvania builders, Frederick C. J. Schnabel and Charles Andrichyn, Jr., are building a "total community" of 1,840 condominiums, a shopping center, an office park and an industrial park called Towamencin in Kulpsville, Pennsylvania.

"We're installing CORIAN vanity tops and bowls in all the baths," says Mr. Schnabel. "In addition, our top-line 'Sequoia' model has CORIAN as a standard for kitchen counters, a tub surround in the main bath, and a shower in the master bath.

"Prospective buyers are so impressed by the CORIAN in these top-line units that many of them insist on it as an option when they buy the less expensive models.

"We like CORIAN so much we've even worked out a way to use it as trim around the fireplace. It's a real seller."

Custom shower walls of CORIAN.

Take advantage of the Practical Elegance of CORIAN® building products. CORIAN is available in sheet stock for custom surfaces (it can be worked with regular tools), kitchen countertops, wall wainscoting, bathtub and shower surrounds. One-piece molded vanity tops and bowls of CORIAN also available. For more information and the name of the distributor nearest you, write to Du Pont, Room 24942, Nemours Building, Wilmington, DE 19898.

DU PONT CORIAN®
REG. U.S. PAT OFF
Building Products

Good Looks Run in our Family...

NuTone Decorator Bath Cabinets

Mt. Vernon, 1976

House & Home

McGraw-Hill's magazine of housing and light construction

Volume 49 Number 2/February 1976

FEATURES

59 Single-family: Stop thinking basic house, start thinking basic market

64 Houses for three basic single-family markets

64 For the price-sensitive market: redesign cuts costs, not space or amenities

68 For the discretionary market: product line emphasizes value, not price

72 For the luxury market: space, elegance and the opportunity to customize

74 What's selling best in single-family? It depends on whom you talk to

80 Is this the best-looking bailout in the country?

84 To the brink and back with the L.B. Nelson Corp.

90 This office building rented out fast—once tenants saw the finished job

NEWS

5 Federal Reserve governor warns: There's too little housing

9 Big builders launch new drive to lure pension money into mortgaging

10 HUD frees $3 billion for housing, cuts the FHA rate to 8¾%

12 President Ford shields housing from site-picketing threat

12 FHA puts Advance Mortgage on probation

16 An auto dealer switches to mobile homes in a big way

16 Lew Cenker, NAHB's president in 1974, is dead at 59

24 SPECIAL REPORT: NAHB Convention '76

24 On-the-scene roundup of NAHB's 32nd annual builder show

28 NAHB's directors draft their election-year demands

33 Convention's rank-and-file builders size up housing's prospects

34 Interview: NAHB's new president says: Let's get the Ford moving

DEPARTMENTS

18 Housing stocks prices

36 The legal scene
Common situs picketing bill ignores construction's neutral employers

40 The marketing scene
A shift in the way higher-income families budget housing dollars

44 The money scene
Foreclosures by trigger-happy lenders won't get housing construction moving

48 Letters

93 New Products
Insulation system is featured

97 Readers service card

117 Literature
Community Planning monograph is featured

118 Classified

118 Advertisers index

Cover/Based on Royal Grant, Dover, Del., Developer: Ottawa Building Co.
Design: Joseph Davis
Drawing: J. Dyck Fledderus

ABP MPA

House and Home, February 1976, Vol. 49, No. 2, Published monthly by McGraw-Hill Inc. Founder: James H. McGraw (1860-1948). Subscription rates, U.S. and possessions, Canada and Mexico . . . for individuals within circulation specifications, $14 per year; for others, $24 per year. All other countries, $36 per year. Single copy, if available, $2. The publisher reserves the right to accept or reject any subscription.

Executive, Editorial, Circulation, and Advertising offices: McGraw-Hill, 1221 Avenue of the Americas, New York, N.Y. 10020. Telephone: 997-4872. Second class postage paid at New York, N.Y. and at additional mailing offices. Published at 1221 Avenue of the Americas, New York, N.Y. 10020. Title® in U.S. Patent Office.

Officers of McGraw-Hill Publications Company: John R. Emery, president; J. Elton Tuohig, executive vice president, administration; David J. McGrath, group publisher—vice president; senior vice presidents: Ralph Blackburn, circulation; John B. Hoglund, controller; David G. Jensen, manufacturing; Gordon L. Jones, marketing; Jerome D. Luntz, planning & development; Ralph R. Schulz, editorial.

Officers of the Corporation: Shelton Fisher, chairman of the board; Harold W. McGraw Jr., president and chief executive officer; Robert N. Landes, senior vice president and secretary; Ralph J. Webb, treasurer.

This issue of House & Home is published in national and separate editions.

Postmaster: Please send form 3579 to Fulfillment Manager, House & Home, P.O. Box 430, Hightstown, N.J. 08520.

CIRCLE 4 ON READER SERVICE CARD

Federal Reserve's Phil Jackson: 'I am increasingly concerned.'

Interview: **Fed's Jackson warns: Too little housing and it's too expensive**

Congress is now groping for some sort of financial restructuring of the sickly mortgage market's underpinnings.

If it heeds the advice of the new top specialist in housing finance on the Federal Reserve Board, Governor Philip Jackson Jr., it will concentrate its most important effort on a search for some fresh way to diversify the sources of mortgage money.

In an interview, Jackson said the fundamental issue has now become "the narrowing base upon which housing credit exists," and he went on:

"I am increasingly concerned. More and more, housing is dependent on the thrift industry. You are not only making housing more expensive but in absolute terms reducing the supply."

No pal of the S&Ls. Jackson was summoned a few weeks ago to give Congress his thinking on housing finance. He is clearly at the opposite extreme from most private-industry witnesses that have trooped up Capitol Hill lately to testify on the same subject. Their common theme has been, in the words of one money man in the building industry:

"Our present system of specialized institutions (the thrifts) works. Don't mess with it."

Jackson, recruited to the Fed from the mortgage banking industry, is a past president of the Mortgage Bankers Assn. He doesn't believe there is now any truly effective way to iron out the notorious swings in housing activity. The Federal Reserve has always used housing as the cutting edge when its policy turns restrictive, and he believes that will continue.

Housing's role. Tighter money inherently involves price-rationing that eliminates the most marginal borrowers. Says Jackson:

"I personally feel housing will always be countercyclical to a certain extent. We won't (as a government) make the decision to subsidize it to the extent needed to insulate it from the cycle. We won't penalize something else so that it, not housing, takes the brunt—which is the same thing."

Nor does Jackson, from his central bank vantage point, dissent from the sober consensus viewpoint that housing starts will remain at a quite modest level this year—1.5 million is his estimate.

More important, however, he questions whether houses now being built are "suitable to the effective demand." He points to the peak volume in the sale of existing houses in 1975, a contrast to sagging activity in the new-house market where the median price is several thousand dollars higher. So, Jackson concludes, it seems builders of new houses may have "priced themselves out of the market."

Support for REITs. If the Fed's housing man has a fairly somber overall view of where the housing sector is going, he is nevertheless trying to help it in the way he believes he best can. He is exhorting creditors to stretch out difficult real estate loans and to refrain from dumping foreclosed properties on a depressed market. To back up the exhortation, he offers hope that banks embarrassed by loans to real estate investment trusts can count on support from the central bank during the long wait until values revive.

Jackson has said that he thinks one of the reasons Fed Chairman Arthur Burns tapped him for a seat on the seven-man board was to employ him to do what he could to extricate banks from potential impairment of capital due to defaulted, high-risk property loans on their balance sheets.

When not to sell. Jackson explains: "The lender has to realize that real estate runs in cycles. To sell now destroys values, and that hurts not only yourself but others, too."

Jackson regards motel loans as exceptions to the hold rule in many cases, particularly where the lender had created a cash loss by wrongly estimating property income calculated from rosy visions of operating profit. When that's the case, he advises, "lenders should take what they can get and go home."

Close contact with Federal Reserve thinking has already modified Jackson's notions of what can be done to help housing. Last summer, at his Senate confirmation hearing, he suggested the Federal Reserve buy and sell General Mortgage Assn. securities through its open market desk to make a more orderly market in the Ginnie Mae pass-throughs. Now Jackson says that, while "the idea has some merit, it has some very practical problems."

The Fed's trading desk would have to pick and choose among Ginnie Maes of different yields. If it did buy them, it would own amortizing securities for the first time. So Jackson says now: "Based on these practical problems, I'm not sure that the benefits outweigh the costs."

—Stan Wilson
McGraw-Hill World News,
Washington

Builder suppliers get warranty rules

The Federal Trade Commission has spelled out how far building-product producers have to go in replacing defective materials under the terms of a full warranty.

The commission's opinion came in answer to a query from Armstrong Cork Co. of Lancaster, Pa. The opinion is not good news for the suppliers but it holds open one small loophole.

Under a law that went into effect July 4, 1975, manufacturers who put burdensome strings on their warranties must promote the warranties as "limited"—a confession some marketers think will turn off customers. Armstrong's question was whether an installed product could live up to a full warranty if the manufacturer merely replaced defective materials, or whether the supplier had to include installation labor at no cost to the customer.

Rule and exception. In answering Armstrong, which manufactures a wide range of housing interiors products, the FTC said that "in the case of flooring or other products having utility only when installed," merely supplying new materials is not enough. A full warrantor has to bear the cost of laying them down as well.

The escape clause: A manufacturer could give a full warranty and make the customer remove the faulty product and install the new one himself "if such duty met the test of reasonableness." But FTC Secretary Charles A. Tobin warned Armstrong's lawyer, L. A. Pulkrabek, that the manufacturer would have to "show that the cost and inconvenience to customers of such a duty were outweighed by corresponding benefits to individuals or to the public."

Curb on window ads. In an unrelated matter, the commission brought charges against Marjo Systems Inc. of Rahway, N.J., marketer of Thermal-Gard thermal replacement windows, claiming that the windows do not, as advertised, substantially reduce a house's fuel use. The company has promised to abandon all ad claims challenged by the commission.

—Dan Moskowitz
McGraw-Hill World News,
Washington

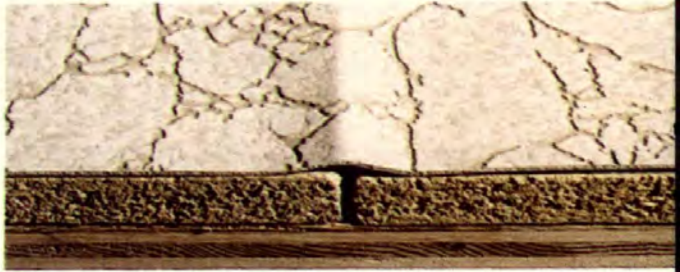
At last...a floo
can save mone
TREDWAY

Save with faster installations.

Tredway goes down faster and easier than any other resilient floor because it's as flexible as carpet to handle, cut, and fit. Overall cementing is eliminated. In fact, stapling around the edges is all that's required over wood subfloors, while a band of cement around the perimeter does the job over concrete. As a result, one mechanic is all that's needed to complete a perfect application—in about half the time required for a conventional installation. Because Tredway is so easy to install, your homes are completed faster . . . with less money-wasting downtime.

Save with particleboard underlayment.

Tredway is the first floor Armstrong recommends for use over particleboard underlayment. Because particleboard usually costs less than other underlayment products, that can mean a significant savings in material costs. And Tredway is also ideal for use over the new combination subfloor/underlayment plywood products by minimizing joint problems.



Regular flooring can ridge or split with subfloor changes

Save by cutting callbacks.

Tredway was created to help eliminate expensive callbacks that steal the profits you've worked so hard to earn. That's because Tredway features elastic properties that allow it to adjust itself to subfloor expansion or contraction that results from temperature and humidity changes. And that means your finished floors keep a perfect fit without splitting or buckling. Plus, Tredway's unique all-vinyl composition helps it resist tearing and gouging—important as workmen install appliances and fixtures. Tredway can also help you save on subfloor preparation because its elasticity lets it bridge subfloor irregularities that normally require expensive sanding and filling. Great over concrete slabs as well as over wood subfloors.

Tredway adjusts itself to subfloor changes

Country Flower

Santa Flora

Villa Cortez

or builders that
nd sell homes.
rom Armstrong.

And Tredway helps you sell your homes.

uilders recognize that a well-designed kitchen can ive their homes a selling edge. And Tredway offers eatures sure to please your prospective home buyers. Vomen will love the bright colors, textured designs, nd pleasing shine. They'll appreciate the built-in comort of its inner foam cushioning. And they'll espeially like the way its tough vinyl surface is easy to eep clean.

oor designs copyrighted by Armstrong

To find out more about how Tredway can save you money and add sales appeal to your homes, contact your local Armstrong flooring contractor, or write to Armstrong, 302 Sixth Street, Lancaster, Pa. 17604.

FROM THE ® INDOOR WORLD® OF

Armstrong

Big Builders plot new strategy to tap pension funds for mortgages

Public and private pension funds have $300 billion in assets and an inflow of another $20 billion a year, but they have invested precious little of it in mortgages.

"But we're going to change all that," vows Preston Martin, president of PMI Corp., a San Francisco insurer of conventional mortgages. "Over the next five years pensions are going to be *the* major new source of funds for housing."

To make that come true, Martin and several housing trend setters have been planning a campaign to enlighten pension-fund managers on the benefits of investing their billions in mortgage paper.

Panel of experts. A pension-wooing group of builders and financial specialists has been organized by the Council of Housing Producers, made up of 16 of the nation's largest corporate homebuilders.

The panel includes Sam Primack of the Perl-Mack Companies, Denver builders; Tom Bomar, former president of the Federal Home Loan Bank Board; John Galvin of Aetna Life & Casualty Co., Hartford, Conn.; Richard Weiss, Los Angeles attorney and former president of The Larwin Co., builders with headquarters in Beverly Hills, Calif.; and Armand Pacher of Kenneth Leventhal & Co. of Los Angeles, a national accounting firm.

Change in approach. This won't be the first time homebuilders have gone after pension funds.

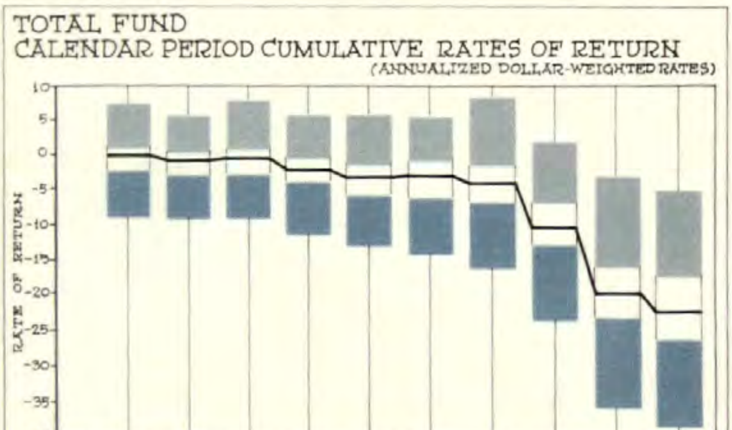
"Every builders' association in the country has tried to pull the pension funds into mortgages," says Los Angeles public relations executive Rene Henry of ICPR Inc., who is coordinating the current effort.

Past efforts have had only marginal success, however. This one promises to do better.

"Earlier attempts failed," says Henry, "because they tried to sell specific mortgage programs. We're going to sell the concept of investing in mortgages in the first place, and then sell specific programs."

New opportunity. Conditions for attracting pension funds into the mortgage market have never been better.

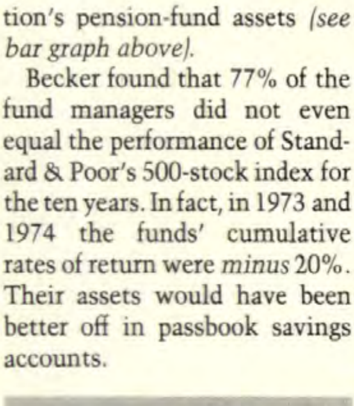
The funds have been taking a licking in the stock market. In the last ten years fund managers virtually doubled their holdings in growth stocks and corporate equities, and their compounded rate of return for that period was less than 1%. So reports Becker Securities Corp. of Chicago, which regularly evaluates the performance of 95% of the nation's pension-fund assets *(see bar graph above).*



	1965-74	66-74	67-74	68-74	69-74	70-74	71-74	72-74	73-74	74
MAXIMUM	7.6	5.4	7.9	5.5	5.5	5.4	8.2	1.9	3.7	-5.3
1ST QUARTILE	1.3	0.6	1.1	-0.5	-1.7	-1.2	-1.8	-7.2	-16.2	-17.6
MEDIAN	0.0	-0.8	-0.5	-2.3	-3.6	-3.5	-4.3	-10.4	-20.0	-22.8
3RD QUARTILE	-2.1	-2.7	-2.7	-4.3	-5.6	-6.0	-6.9	-12.9	-23.3	-26.5
MINIMUM	-8.9	-9.0	-9.0	-11.6	-12.9	-14.3	-16.5	-23.9	-35.6	-38.6

SOURCE: BECKER SECURITIES CORP., CHICAGO

Becker found that 77% of the fund managers did not even equal the performance of Standard & Poor's 500-stock index for the ten years. In fact, in 1973 and 1974 the funds' cumulative rates of return were *minus* 20%. Their assets would have been better off in passbook savings accounts.



INSURER MARTIN
'We're going to change all that'

Legal aid. Congress put the screws to inept fund management a year ago by enacting the Employee Retirement Income Security Act. The ERISA legislation, designed to protect pensioners, decrees that large pension-fund losses 1) must be avoided through diversified investment, 2) may have to be replaced by increased contributions from fund-sponsoring companies and 3) are the responsibility of the trusts' chief executive officers, who may be sued any time a fund investment incurs a loss.

In pre-ERISA days that responsibility was passed off to the fund managers.

New devices. Opportunities to invest in mortgages and mortgage-related securities are no longer as limited as they were. Four new vehicles were created only this year: FHLMC participation certificates and guaranteed mortgage certificates ("motorcycles"); savings and loan associations' mortgage-backed bonds; and the GNMA auction of Tandem Plan mortgages.

So fund managers can now choose among securities backed by pools of government-insured mortgages, insured conventional loans, uninsured conventionals or a combination of any of these. The managers already had the option of buying GNMA's mortgage pass-through securities or of purchasing government-insured mortgages outright at auctions or sales held regularly by GNMA, FNMA or the VA.* And they could always purchase either government or conventional mortgages in the private secondary market.

Bonds' advantages. "Without the new vehicles," says Aetna's Galvin, "I don't think it would be possible to create any significant mortgage market for pension funds. These improvements in ways to package mortgages are finally making it possible for the funds to deal with a single instrument in quantities that suit their investment needs at a given time."

*This abracadabra translates thus: GNMA is the Government National Mortgage Assn., or Ginnie Mae; FNMA is the Federal National Mortgage Assn., or Fannie Mae; FHLMC is the Federal Home Loan Mortgage Corp., or Freddie Mac; the VA is the Veterans Administration.

Fund managers haven't shunned the residential mortgage market totally. They did buy $3 billion of the $17 billion in GNMA pass-throughs sold since the certificates' introduction in 1970.

But overall the funds' percentage of mortgage investments has been miniscule. And in the last five years, despite the efforts of builders, lenders and their associations to increase it, that percentage has been shrinking as the managers moved more aggressively into corporate equities and away from mortgages and government securities *(see table, page 10).*

Educational drive. The campaign to woo back the funds will feature seminars starting this year.

The new concept, as the group sees it, is that mortgages and mortgage-related securities meet all the investment criteria that fund managers should be shopping for today.

Less risk. Mortgages, the group says, offer a lower risk of market fluctuations and greater safety than do other investments. The underlying security is usually insured or guaranteed by the government, by a mortgage insurance company or by over-collateralization as in the case of S&L mortgage-backed bonds.

Convenience is another factor. No longer does the mortgage investor need a specialist on his staff to worry about collections and defaults. He can pay an extra ⅛% or ¼% to a mortgage-servicing company to take care of payment, collections, accounting and legal services.

Cash flow and yield. Investors get monthly, semi-annual or annual payments of principal and interest from mortgage securities, and steady cash flow is an advantage for funds.

Yields are excellent. Compared to corporate and government bonds, a mortgage-backed security like the GNMA 8% certificate looks highly attractive. Over the last four years the

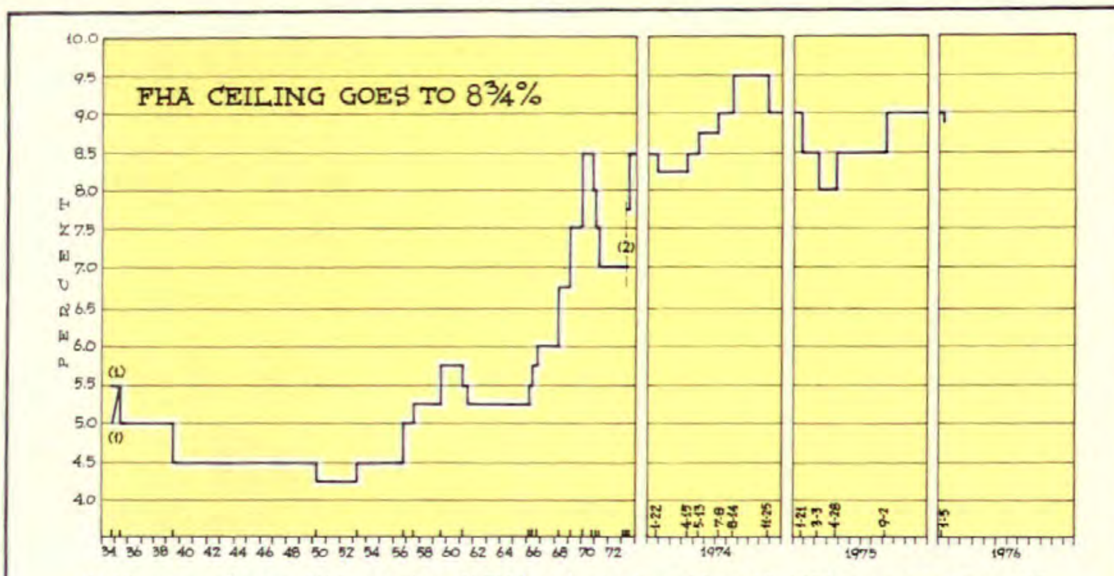
TO PAGE 10

$3 billion freed for apartments; FHA single-family rate reduced

The federal government took two actions to give the housing industry a strong boost into the new year.

The Department of Housing and Urban Development freed $3 billion to subsidize government mortgages on new apartment projects, and it reduced the FHA-VA interest ceiling on single-family houses to 8¾% from 9%.

The lower FHA rate for new houses went into effect January 5. The ceiling for government-backed mortgages on apartment buildings and condominiums remained at 9%. (The market rate for conventional loans on apartments is about 10%.)



(1) 5% on new homes, 5½% existing. (2) FHA authority lapsed June 30, 1973; no rate to August 10.

Apartments. The $3 billion was released January 26 to buy mortgages at the below-market rate of 7½%. The funds were expected to finance 120,000 new apartment units. The multifamily sector has been the slowest to join the gradual housing recovery now under way.

The $3 billion is part of $5 billion appropriated by Congress last year to aid housing by subsidizing mortgage rates under a buy-low, sell-high system known as the tandem plan.

Some $15 billion has now been pumped into homebuilding under the tandem program, but all of that has gone to buy mortgages—both FHA-VA and conventional—on detached houses. The department now says single-family building has recovered sufficiently to permit a shift in subsidy financing to apartments.

HUD also says that, for the first time, the money it is releasing can be used to finance apartments under its Section 8 program to subsidize rents.

Reaction. President Daniel Kearney of HUD's Government National Mortgage Assn., popularly known as Ginnie Mae, conceded that the 7½% rate should make apartment construction rather more feasible. He warned, however, that overbuilding of apartments will retard construction in some localities.

President J. S. Norman of the National Association of Home Builders praised the decision to release the billions but said the action was disappointing for two reasons:

It was limited to FHA apartment projects, excluding conventional construction; and no funds were freed for single-family homes.

Norman urged HUD to release the other $2 billion appropriated last year for the conventional single-family market.

Builders plot new strategy to tap pension funds for mortgaging *continued from page 9*

GNMA 8s have yielded 24 basis points more than new AAA industrial issues and 175 basis points more than new ten-year government bonds. Only new AAA utility issues have done better, averaging about 40 basis points higher than GNMA 8s over the four-year period.

The four newest. "Once the concept is sold," says Henry, "we have this excellent choice of new mortgage-investment vehicles." He lists them this way:

• *GNMA auctions of Tandem Plan mortgages.* FHAs and conventional mortgages are acquired under the Emergency Home Financing Act of 1974 and guaranteed by the government. Since their introduction in January 1975, $1.1 billion in mortgages has been sold.

• *FHLMC guaranteed mortgage certificates,* introduced in February 1975, backed by pools of conventional loans with private mortgage insurance covering the upper 20% of each loan. The first offerings of $500 million, with a minimum denomination of $100,000 and a term of 15 years, have yielded between 10 and 20 basis points above GNMA 8% pass-throughs, which is almost competitive with new AAA utility issues. Unlike the GNMA pass-throughs, interest is paid twice a year instead of monthly, and principal payments are annual.

• *FHLMC participation certificates,* backed by pools of FHA, VA and conventional loans. Private mortgage insurance covers conventional loans of more than 80% loan-to-value ratio. Since trading began in June 1975, $1 billion of participation certificates have been sold with minimum denominations of $100,000.

• *Savings and loan mortgage-backed bonds.* All S&L members of the Federal Home Loan Bank System can issue bonds backed by privately insured or government-insured mortgages, or a mix of the two.

The S&L bonds can be placed privately with minimum denominations of $100,000, or offered publicly through a securities dealer with minimum denominations of $10,000. The first issue, $15 million by First Federal of Rochester, N.Y. was placed privately with pension funds and life companies. The second, $50 million by California Federal, was a public issue.

The crucial test. Henry says his targets are the 25 leading trust investment officers, starting with those at J.P. Morgan & Co., Bankers Trust Co., First National City Bank, Chase Manhattan Bank and United States Trust, all of New York.

"Sell those 25," says Henry, "and the rest will follow."

—H. CLARKE WELLS

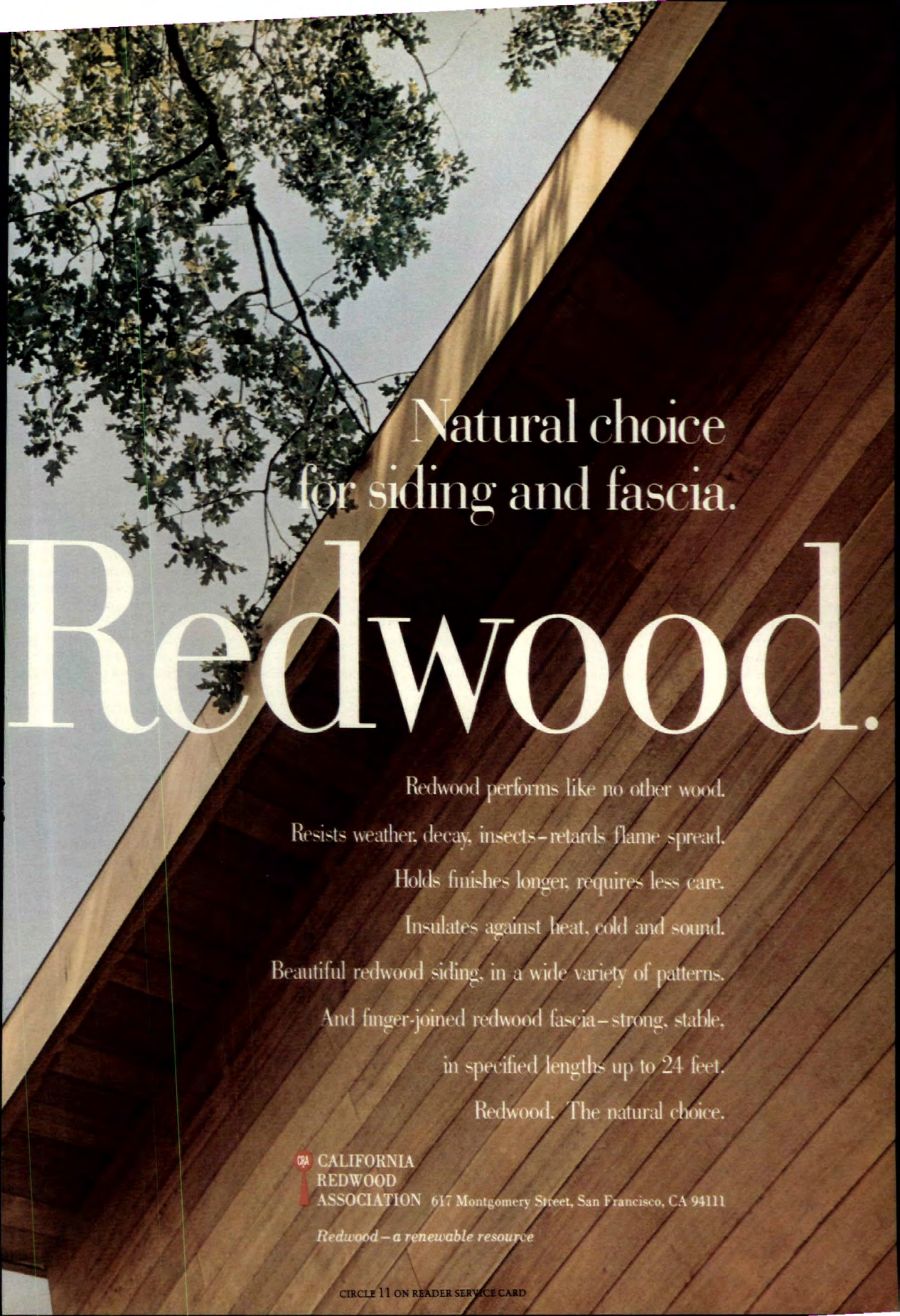
ROLE OF PENSION FUNDS IN U.S. FINANCIAL MARKETS
Percentage of total financial assets held by funds
(Public and Private)

	1945	1955	1965	1970	1973
Corporate Equities	.18	1.96	5.65	8.34	11.14
Corporate & Foreign Bonds	3.01	17.10	31.78	30.86	29.99
U.S. Gov't Securities	.96	3.28	3.87	2.79	2.13
Total Mortgages	.05	.49	2.17	2.46	1.46
State & Local Gov't Securities	5.73	5.94	2.62	1.41	.74
Demand Deposits & Currency	.14	.42	.70	1.03	1.09

Percentage of total flow of financial assets acquired by funds
(Public and Private)

	1945	1955	1965	1970	1973
Corporate Equities	7.03	26.95	98.91	64.73	114.69
Corporate & Foreign Bonds	10.89	38.13	44.37	24.55	60.48
Mortgages	.33	.94	4.89	3.44	–.55
State & Local Gov't Securities	7.22	6.58	–3.74	–2.66	–4.51
Demand Deposits & Currency	3.33	1.66	.76	2.15	3.80

Source: Federal Reserve System, Flow of Funds Accounts, 1945-1972; and Annual Total Flows and Year-End Assets and Liabilities, 1965-1973.


Natural choice
for siding and fascia.
Redwood.
Redwood performs like no other wood.
Resists weather, decay, insects–retards flame spread.
Holds finishes longer, requires less care.
Insulates against heat, cold and sound.
Beautiful redwood siding, in a wide variety of patterns.
And finger-joined redwood fascia–strong, stable,
in specified lengths up to 24 feet.
Redwood. The natural choice.
CALIFORNIA
REDWOOD
ASSOCIATION 617 Montgomery Street, San Francisco, CA 94111
Redwood–a renewable resource
CIRCLE 11 ON READER SERVICE CARD

Ford veto spares building industry from common-site picketing

Common-site picketing came closer to legality last year than it's been in a quarter of a century.

An all-out push by the AFL-CIO and the building trades got a bill through Congress, HR 5900, that would have allowed a construction union, disputing with a single subcontractor, however small, to throw picket lines around an entire job site. Since such action would close down such a site, common site promised to be a powerful weapon for organizing nonunion subcontractors or driving them out of new construction altogether. The measure was vetoed by President Ford.

Whether the idea will do so well again this election year, or next year, remains to be seen, but the record of its course through the legislative process last year can give builders some reason for guarded optimism.

Watering down. The common-site bill was first softened in July, when a House committee added a requirement that ten days' notice of picketing must be given. Then came the change that would oblige local unions to get written permission from their parent internationals before picketing.

Next, Labor Secretary John Dunlop persuaded Congress to add a companion measure setting up a 23-member collective bargaining committee—ten from industry, ten from labor and three neutrals—with jurisdiction in industry disputes and power to call a 30-day cooling-off period. The idea was to smooth the often-disruptive bargaining process, and it was presented to Congress as the price of a Presidential signature.

Builder exemptions. Around Thanksgiving, new restrictions found their way into the bill. The Senate passed an amendment by J. Glenn Beal (R., Md.) exempting construction of homes with three or fewer floors from common situs. The vote was 77 to 18. (This provision was later limited to builders with annual volume of $9.5 million or less.)

Then came an amendment by Jennings Randolph (D., W. Va.) excluding pickets boycotting particular products rather than contractors; it went in, 93 to 0.

Hard on *its* heels, and passed by a vote of 78 to 20, was an amendment by James B. Allen (D., Ala.) exempting any project started on or before Nov. 15, 1975.

Journey to veto. With all these conditions in place, the common-site bill passed the Senate 52 to 45 and the House 229 to 189. Both margins were well short of the two thirds majorities needed to override a presidential veto.

All this was done with the general understanding that President Ford would sign the bill, always provided he got his collective bargaining committee.

SECRETARY DUNLOP
Left out on a limb

But building industry and business groups intensified their lobbying at the White House against the legislation, and much of the Republican party also made clear its opposition. So did presidential candidate Ronald Reagan, who is pressing Mr. Ford hard.

President's stand. Ford backed away from his earlier stand and wielded the veto. He argued that the bill would cause further labor chaos in an already chaotic industry.

Dunlop had played a large role in shepherding the bill through the White House policy-making machinery, past the AFL-CIO watchdogs and through Congress. He had his considerable prestige with the labor leaders on the line. Neither the embarrassment of undoing all this Administration work nor the very clear threat of Dunlop's resignation was enough to deter the President, however. Dunlop resigned January 14.

Labor reaction. The veto provoked an especially indignant outcry from labor. President George Meany of the AFL-CIO said:

"We in the labor movement believe a man's word is his bond. Now the President has shown what his word is worth."

Leaders of the seven biggest craft unions then walked out on the President's Collective Bargaining Committee in Construction, set up last April to help smooth relations with management and moderate wage demands.

Significance. The picketing bill provoked some lively infighting between the crafts and the housing industry's establishment forces, but the threat posed by the measure had always been difficult to assess.

A study of non-union building activity conducted by the economists Howard Foster and Herbert Northrup of the University of Pennsylvania has just concluded that homebuilding is less than 20% unionized, a finding that might seem to suggest that the bill's impact would have been limited.

Others argue, however, that the unions' influence extends far beyond their membership and that many non-union craftsmen demand union pay rates and follow the unions' rules and customs, including the custom of refusing to cross picket lines. An appreciation of the extent of union influence was reflected in the industry's sigh of relief at President Ford's action.—H.S.

Advance Mortgage is put on probation

After threatening Advance Mortgage Corp. of Detroit with a 180-day suspension from dealing in FHA mortgages, HUD has settled for putting the big mortgage company on probation for 180 days instead—and suspending Advance's Los Angeles office for 30 days.

The shift is part of an agreement worked out between Advance, which is a subsidiary of Citicorp, and the government agency. The accord also calls for Advance to hire about 180 new people "to undertake a comprehensive program . . . to comply with requirements of HUD regulations" on mortgage lending. Advance also agreed to pay HUD $145,000 in damages.

FHA blues. The penalties, threatened and actual, are for allegedly filing false credit information and for other alleged irregularities in making FHA loans [NEWS, Dec. '75]. The Los Angeles office was singled out by HUD as the Advance branch with the most irregularities turned up in a government audit.

The settlement does not include any admission of law violations by Advance. Violations of the accord could, HUD warned, result in withdrawal of FHA approval from the company.

Changing ways. In Detroit, Robert J. Mylod, president of Advance, said:

"We believe the agreed arrangement is a severe one, but we have consented to it. The consent agreement was based on a comprehensive program initiated by Advance to improve its mortgage origination and servicing procedures. Many parts of the program have already been put into effect."

Advance was the first mortgage company to be designated by HUD for possible suspension as a result of the widespread FHA scandals of the late sixties and early seventies.

U.S. to re-try Gurney in slush-fund case

A Justice Department spokesman now says Attorney General Edward Levi has decided to go ahead with a second trial of former Senator Edward Gurney after all.

The department had made the same announcement in November, but Levi later told reporters that the statement was all a mistake. He and his deputy had not reviewed the case, he said, and had made no decision on it.

They now have reviewed the case, Levi says, and they concur in a recommendation by Assistant Attorney General Richard Thornburgh of the criminal division to prosecute.

Gurney, reached at his home in Orlando, Fla., called Levi's decision "a lousy Christmas present both for me and the taxpayers," and he added:

"But this is Washington today. We live in a time of investigations and recrimination, a tearing down of our institutions and leaders.

"We have returned to the days of the Salem witchhunts."

"We used over 500 Nord doors in Cobblestone Village - townhouses priced from $28,000 to $39,000."

Joseph Capano, president
Joseph L. Capano, Inc.
Christiana, Delaware

Joe Capano describes his organization as a young, imaginative company built on an old philosophy. "We offer the public a quality product with unique features at a reasonable price." And Nord doors live up to that philosophy.

Nord quality starts with selected Western woods that are carefully dried in Nord's own kilns. Then, each door is intricately carved on precision high-speed machines. And finished by skilled Nord craftsmen.

"Nord's quality saves on-site labor. Installation is easy and call-backs are few. There's no problem with availability either." And with a Nord door, Joe gets a custom appearance at a commodity price.

For more information, write "doors" on your letterhead and mail it to E. A. Nord Company, Everett, WA 98206.

Nord's Voyager Calabar carved entry door

"The General Electric kitchen
when we first planned our 2,400

design group was a big help condominiums at Heritage Village."

Henry J. Paparazzo, President, Heritage Development Group, Inc.

Henry J. Paparazzo

"GE kitchen designers submitted detailed plans to us when we started Heritage Village, Conn. Many were in full color with samples of floor and wall coverings and counter surfaces, and even included lighting recommendations. These were a big help to our architects and designers.

"Today our community covers over 1,000 acres, has a championship golf course, complete shopping center and a long list of other amenities.

"The community dwellings, which are set in an unspoiled countryside, feature all-GE kitchens. The General Electric name has been a decided asset in helping us sell. And GE service is similarly an asset in maintaining our customers' satisfaction."

Kitchen and Laundry Design. GE's designers can custom-style kitchen and laundry plans based on your budget, space, etc. You can choose from an array of efficient, dependable GE appliances.

On-Time Delivery. General Electric can get your appliances to you where and when you need them. We have 9 factories, 5 regional distribution centers and over 60 warehouses throughout the country. Our Contract Register records your order and updates your delivery requirements.

Technical and Merchandising Assistance. GE's specialists will work with your engineers and architects to help with your heating and cooling needs. And merchandising people can help develop programs to meet your sales or rental objectives.

Customer Care® Service. This means we have Factory Service Centers covering 350 cities, and, in addition, there are more than 5,000 franchised servicers across the country. Many of them are listed in the Yellow Pages.

Nationwide Staff of Contract Sales Reps. They coordinate and expedite all GE builder services. When you order GE products you also get know-how, service and professionalism... all from a single source. You can reach a GE Contract Sales Representative through your local GE Major Appliance Distributor.

Over 25 years of consistent service to builders.

GENERAL ELECTRIC

CIRCLE 15 ON READER SERVICE CARD

Builders on move: A Jaguar man will drive a mobile home company

Can an auto dealer find happiness building mobile homes?

That is a question Bruno Figliuzzi, 52, sometimes asks himself these days. He has been a successful Jaguar dealer in the Washington suburb of Arlington, Va. for 15 years and he is the man who has now bought Levitt and Sons' mobile-home plant in Fountain Valley, Calif.

There is a connecting link: He also has mobile-home dealerships in California.

"I think manufactured housing has got to be the answer to the country's single-family housing needs," he says of his new venture.

He acquires Levitt Construction Systems Inc. with two ideas in mind. The first is building good-quality mobile homes on the Coast, and he seems to have few qualms about that. Levitt's product meets local codes for conventional construction and is locally accepted, he notes.

"I look to build a house a day," says the new owner. "I can keep costs down that way, keep quality up, and operate profitably. I like a small-volume, profitable operation."

Mobiles for Washington? Figliuzzi's other idea is something else again. He wants to transplant the mobile-home expertise he's just bought to the Washington area. He is finding the regulatory red tape there mind-boggling.

"They act like they don't want new housing around here," he moans, "unless it's in the $100,000 range."

The bureaucrats are so discouraging he feels ready to give up before he's started on this scheme—which would be too bad for Washington, he feels. "We could deliver a 1,700-sq.-ft. house here for $30,000—a good, substantial house, not junk. And you can still buy an acre of land to put it on within 30 minutes of Washington for $5,000-$10,000. Yet at $40,000, all you can get around here are townhouses. This is something people really need."

Grant's new general. Among the more conventional builders, Grant Corp., based in Newport Beach, Calif., has just named a new president and chief executive officer. He is David M. Brown, who has been its executive vice president since 1974. Prior to coming to Grant, he was an officer of Kaufman & Broad.

The company also appoints Gary O. Brooks, who has been with Grant since 1967, to be senior vice president in charge of operations. He now manages all the company's homebuilding in California, Hawaii, Arizona, and Florida.

President of Century. California's Century Community Developers, based in Walnut, also names a new president. He is William H. Okell, who moves up from the executive vice president's post at the $20-million-a-year company.

Okell is an old military man; he picked up his architectural and engineering training while serving with the Canadian forces in World War II.


GIBRALTAR'S POLIN
Out of ivory tower


GRANT'S BROWN
Into president's chair


LEAGUE'S SCHMIDT
Home to Chicago

BUILDERS: Jetero Corp., building out of Houston, appoints **Don Smith** as vice president in charge of acquisitions and development. He joined in 1973.

Hooker/Barnes, the Atlanta joint-venture vehicle established by Hooker Corp. of Sydney, Australia, and local builder **Roy W. Barnes,** names **Richard E. Hammond** as vice president; he's been on board since '73.

LENDERS: Gibraltar Savings, the big S&L based in Los Angeles, elects **A. Terrence Polin** as vice chairman of the board and appoints him executive vice president and chief administrative officer. Polin, a marketing consultant to Gibraltar for six years, resigns from graduate school faculty at the University of Southern California to take the posts. And, should his new colleagues become depressed in the next recession, Dr. Polin may have a chance to use his other talents: He is certified as a practicing psychologist in California.

THE ASSOCIATIONS: **John L. Schmidt** leaves presidency of the Berkus Group, architectural planners in Los Angeles, to return to executive duty with the U.S. Savings and Loan League in Chicago. He'll take over a desk in the mortgage department. **Edgar V. Hall,** executive vice president of the National Home Improvement Council in New York City for 15 years, moves across town to Asphalt Roofing Manufacturers Assn. as general manager.

MARRIED: **William E. Zeckendorf,** 70, the real estate titan whose buildings helped shape the New York skyline before his $250-million empire (Webb & Knapp Inc.) tumbled into bankruptcy in 1965, to Louise Betterly Malcolm, 70, of Pompano Beach, Fla., a widow since 1963. Zeckendorf was once a widower and twice divorced. His third wife, Marion Griffin Zeckendorf, died in an air crash on Guadaloupe in March 1968 while he was flying from Peru to meet her.

Lew Cenker dies; headed NAHB in '74

Lewis Cenker, Atlanta attorney and developer, died December 15 after suffering a heart attack. He was 59.

Cenker, a senior partner in the law firm of Smith, Cohen, Ringel, Kohler and Martin, served as the president of the National Association of Home Builders in 1974. Early in 1975, he was prominently mentioned as a successor to James T. Lynn as Secretary of Housing and Urban Development. Mrs. Carla Hills was appointed instead.

Voice of moderation. His approach to public life had been that of the courtly Southern gentleman, always mannerly and softspoken, even when at his most determined. As president he became a significant moderating force within NAHB during a difficult and turbulent year.

A hard core of determination served Cenker well in his business career. His first building venture in 1947 was unsuccessful, but he eventually established a successful family building business in and around his native Atlanta. He combined building with a real estate law practice—he had earned his law degree in 1941.

'Enormous contributions.' Cenker had been president of the HBA of Metropolitan Atlanta in 1960 and later of the HBA of Georgia. He helped write Georgia's condominium statute, and he served for a time on the advisory committee of the Federal National Mortgage Assn. (Fannie Mae).

"Mr. Cenker has made enormous contributions to the progress of the housing industry," said J.S. Norman Jr., Cenker's successor as president of the NAHB. "His high intellect and calm judgment will be sorely missed."

Cenker's wife, the former Rebecca Kingsloff, two daughters, four sisters and two brothers survive. —H.S.

NAHB's Lew Cenker taking over association presidency in January '74.

Plate No. 298

Like Primitive® tile from American Olean. Still the same handsome, easy-to-clean ceramic tile. But now in a distinctive new color to provide more of that natural, customer-pleasing Primitive beauty.

The new color? Briarwood. Its earthy, variegated surface and beautiful tonal variations give this kitchen the same hand-crafted look it had 200 years ago. Plus the durability and easy maintenance people want today.

New Briarwood's a natural for all kinds of rooms—kitchens, baths, dens, dining rooms, foyers. For new construction or remodeling. For walls as well as floors. Or accented with other Primitive colors like the Aspen countertop, above.

To see the wide variety of Primitive colors, sizes and shapes, and the latest tile decorating ideas, just send in the coupon. Or visit your nearest American Olean Color Center listed in the Yellow Pages.

American Olean Tile Company
2216 Cannon Avenue, Lansdale, Pa. 19446

☐ Please send Primitive information and your new Decorating Ideas brochure.

☐ Please have a sales representative call.

Name__________

Company__________

Address__________

City__________

State______

Zip______

CERAMIC TILE American Olean
A Division of National Gypsum Company

Primitive ceramic tile. Helps make a house a home.

CIRCLE 17 ON READER SERVICE CARD

Housing stocks step into the new year on the upbeat

HOUSE & HOME's share-value index of 25 of the housing industry's leading stocks moved up smartly in the month ended January 5—to 154.17 from 142.37.

Mobile-home issues led the way, but all five sections of the index managed new-year gains. The stocks of the five home-building companies were up sharply.

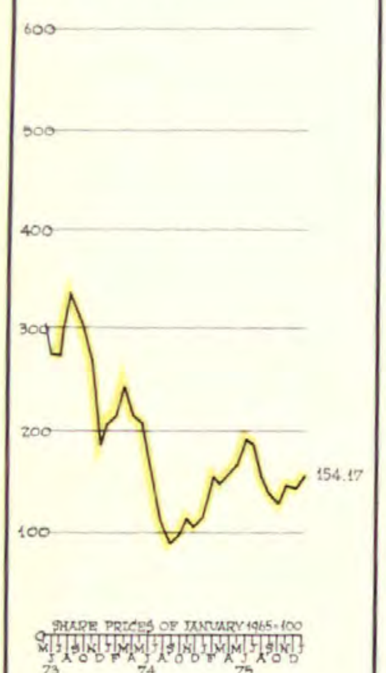
An Argus Research report distributed recently by the Rothschild Securities Corp. of New York and Chicago summed up last year's movement in housing stocks this way:

"Building stocks rose fast during the first half . . . Then, when interest rates unexpectedly surged during the summer, the prospects for a building boom were considerably lowered and building stocks sold off sharply.

"Now that interest rates have eased, and starts are continuing to increase, building stocks are beginning to rebound . . ."

Share values of January 1965 equate with 100 in the HOUSE & HOME index. Issues on the list are overprinted in yellow in the tables that follow.

Here is the graph of the 25 stocks on index.



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

	Jan.'75	Dec.'75	Jan.'76
Builders	89	133	148
Land developers	66	76	77
Mortgage cos.	150	192	208
Mobile homes	327	397	463
S&Ls	91	106	108

Company		Jan. 5 Bid/ close	Chng. Prev. Month
BUILDING COMPANIES			
AVCO Comm. Develop.	PC	.437	− .063
American Cont. Homes	OT	1⅜	+ ⅜
American Urban Corp.	OT	½	+ ¼
Bramalea Con. (Can.)	TR	5½	+ .55
Campanelli Ind.	OT	⅝	− ⅜
(New American Ind.)			
Capital Divers (Can.)—d	OT	¼	....
•Centex Corp.	NY	8¼	+ ½
Cenvill Communities	AM	4¼	+ ¾
Cheezem Dev. Corp.	OT	½	....
Christiana Cos.	AM	1¾	+ ½
Cons. Bldg. (Can.)	TR	2.40	− .05
Dev. Corp. Amer.	AM	4	+ 1⅛
Edwards Indus.	OT	2¾	− ½
FPA Corp.	AM	3	− ⅛
Carl Freeman Assoc.	OT	1¼	− ¼
Frouge Corp.—d	OT	4½	....
General Builders	AM	1	+ 5/16
Hoffman Rosner Corp.—d	OT	1¾	− ⅛
Homewood Corp.	OT	4	+ ¼
Hunt Building Corp.	OT	1½	− ¼
•Kaufman & Broad	NY	7⅛	+ ⅝
Key Co.	AM	2⅛	+ ¾
Leisure Technology	AM	1¼	− ⅛
Lennar Corp.	NY	5⅛	+ 1¼
McCarthy Co.—d	PC	⅞	+ ¼
McKeon Const.—d	AM	1½	....
H. Miller & Sons	AM	6	− ½
Mitchell Energy & Dev.	AM	16⅛	+ ⅝
Oriole Homes Corp.	AM	4¼	+ ⅜
Presidential Realty	AM	2¼	+ ¼
Presley Development	AM	7¾	+ 3⅛
Pulte Home Corp.	AM	2½	+ ½
Robino-Ladd Co.	AM	1	+ ¾
Rossmoor Corp.	AM	2¾	....
•Ryan Homes	AM	20⅜	+ 2⅜
Ryland Group	OT	11½	+ 1¼
•Shapell Industries	NY	12⅜	+ ⅞
Standard Pacific	AM	3¾	+ ¾
Universal House & Dev.—d	PC	.281	− .094
•U.S. Home Corp.	NY	5⅝	+ 1⅛
Valley Forge Corp.—d, vj	OT	⅛	....
Washington Homes	OT	2¾	....
Del E. Webb	NY	3½	+ ⅛
Westchester Corp.—d	OT	⅛	− ⅛
SAVINGS & LOAN ASSNS.			
American Fin. Corp.	OT	6⅝	− ⅜
Calif. Fin.	NY	3⅛	+ ⅜
•Far West Fin.—d	NY	5¾	....
Fin. Corp. Santa Barb.	AM	9⅞	+ ½
•Fin. Fed.	NY	9⅞	+ ⅜
•First Charter Fin.	NY	13	+ ½
First Lincoln Fin.	OT	2¼	− ¼
First S&L Shares	AM	6⅜	+ ⅜
First Surety	OT	3⅝	− ⅝
First West Fin.	OT	1⅝	+ ¼
Gibraltar Fin.	NY	10⅜	+ ¾
Golden West Fin.	NY	11¾	+ ½
•Great West Fin.	NY	14⅜	+ ⅝
Hawthorne Fin.	OT	7¾	+ ¼
•Imperial Corp.	NY	10⅝	+ ⅝
Transohio Fin.	NY	6⅞	+ ½
(Union Fin.)			
United Fin. Cal.	NY	6¼	+ ⅛
Wesco Fin.•	NY	10⅛	+ ½
MORTGAGING			
•Charter Co.	NY	4⅜	+ ½
CMI Investment Corp.	NY	8⅞	+ 1
•Colwell	AM	4¼	− ⅛
Cont. Illinois Realty	NY	1⅝	+ ½
•Fed. Nat. Mtg. Assn.	NY	15⅜	+ 1
Fin. Resources Gp.	OT	½	+ ⅛
(Globe Mortgage)			
•Lomas & Net. Fin.	NY	6¾	+ ¾
•MGIC Inv. Corp.	NY	11¾	+ 1¼
Palomar Fin.	AM	1¾	+ ⅜
United Guaranty Corp.	NY	7⅝	+ 1
(formerly FMIC Corp.)			
Western Pac. Fin. Corp.	OT	2½	− ¼
(formerly So. Cal. Mort. & Loan Corp.)			
REAL ESTATE INV. TRUSTS			
Alison Mtg.—d	NY	2¼	....
American Century	AM	1⅛	+ ⅛
API Trust	OT	5	− ¼
(formerly Arlen Prop. Inv.)			
Atico Mtg.	NY	2	+ ⅜
Baird & Warner	OT	6⅛	− ⅛
Bank America Rlty.	OT	6⅜	+ ⅞
Barnes Mtg. Inv.	OT	2¼	+ ¾
Barnett Mtg. Tr.—d	NY	⅛	....
Beneficial Standard Mtg.	AM	2⅛	+ ¼
BT Mort. Investors	NY	2⅞	+ 1
Cameron Brown	NY	1⅝	+ ⅜
Capitol Mortgage SBI	NY	1⅜	+ ⅝
Chase Manhattan	NY	3⅛	− ¼
CI Mortgage Group	NY	1¼	+ ½
Citizens Mtg.	AM	1½	+ ⅝
Citizens & So. Rlty.	NY	2⅛	+ ¾
Cleve. Trust Rlty. Inv.	OT	1¾	+ ¼
Colwell Mtg. Trust	AM	2	+ ⅞
Conn. General	NY	14⅝	− ⅜
Cousins Mtg. & Eq. Inv.	NY	1⅜	+ ⅜
Diversified Mtg. Inv.	NY	1¼	+ ¼
Equitable Life	NY	18⅜	+ ½
Fidelco Growth Inv.	AM	4¼	+ 1⅛
First Memphis Realty	OT	1⅞	+ ⅛
First of Denver	AM	2	+ ¾
First of Pennsylvania	NY	2⅝	+ ¾
Franklin Realty—d	AM	1⅝	....
Fraser Mtg.	OT	8¼	....
Gould Investors	AM	3⅜	− ⅛
Great Amer. Mtg. Inv.	NY	¼	+ 1/16
Guardian Mtg.	AM	1⅞	+ ⅝
Gulf Mtg. & Realty	AM	1⅜	+ ½
Hamilton Inv.	OT	1	+ ¼
Heitman Mtg. Investors	AM	1½	+ ½
Hubbard R. E. Inv.	NY	11¾	+ 1½
ICM Realty	AM	8½	+ ½
LMI Investors	NY	1¼	+ 5/16
(Larwin Mort. Inv.)			
Mass Mutual Mtg. & Rlty.	NY	10	+ 1⅛
Mission Inv. Trust	AM	11/16	+ ⅛
(formerly Palomar)			
Mony Mtg. Inv.	NY	8⅛	+ 1
Mortgage Trust of Amer.	NY	3	+ 1
National Mortgage Fund	OT	⅜	+ .325
Nationwide R.E. Inv.	OT	3¼	+ ½
(Galbreath Mtg. Inv.)			
North Amer. Mtg. Inv.	NY	6	....
Northwest Mut. Life Mtg. & Rlty.	NY	10⅜	+ ¾
PNB Mtg. Rlty. Inv.	NY	6⅜	+ 1½
Penn. R. E. Inv. Tr.	AM	10	+ ⅞
Property Capital	AM	8⅜	+ ½
Realty Income Tr.—d	AM	5⅞	+ ⅞
Republic Mtg. Inv.	NY	1¼	+ 11/16
B. F. Saul R.E.I.T.	NY	3¾	+ ½
Security Mtg. Inv.	AM	⅞	+ ⅛
Stadium Realty Tr.—d	OT	3	+ ½
State Mutual SBI	NY	2	+ 1⅛
Sutro Mtg.	NY	4½	+ ⅞
UMET Trust	NY	1¾	+ ¾
United Realty Tr.	AM	5¾	+ 1
(Larwin Realty & Mortgage Trust)			
U.S. Realty Inv.	NY	2¼	+ ⅜
Wachovia Realty Inc.	NY	3	+ ¾
Wells Fargo Mortgage	NY	6⅛	+ 1
LAND DEVELOPERS			
•AMREP Corp.	NY	1⅞	+ ⅜
Arvida Corp.	OT	4⅝	+ ¾
Crawford Corp.	OT	4½	+ ½
•Deltona Corp.	NY	4⅜	+ ⅜
Fairfield Communities	OT	⅝	− 1/16
•Gen. Development	NY	4¼	+ ⅛
•Horizon Corp.	NY	1¾	+ ¼
Landmark Land Co.—d	AM	1¼	− ⅛
(Gulf State Land)			
Land Resources	OT	⅝	....
Major Realty	OT	.52	− .42
•McCulloch Oil	AM	3½	+ ⅛
Sea Pines Co.	OT	⅜	− ⅛
MOBILE HOMES & MODULES			
•Champion Home Bldrs.	AM	3⅞	+ ⅝
Conchemco—d	AM	6⅝	+ ⅞
De Rose Industries	AM	1¼	+ ⅜
•Fleetwood	NY	14¾	+ 1⅞
•Golden West	AM	5⅛	+ 1¾
Mobile Home Ind.	NY	3¾	+ ½
Monarch Inc.	OT	⅝	+ ⅛
•Redman Inc.	NY	3	+ 1
Rex Noreco	NY	⅞	+ ⅛
•Skyline	NY	16⅝	+ 1⅞
Town and Country	AM	1⅝	+ ¼
Zimmer Homes	AM	4¾	+ 1¼
Brigadier Inc.	OT	1	....
Hodgson Houses—d	OT	¼	− ¼
Liberty Homes	OT	1¾	+ ⅛
Lindal Cedar Homes	OT	1⅝	+ ½
Nationwide Homes	AM	17	+ ¼
Shelter Resources	AM	1¾	....
Swift Industries	OT	⅛	....
DIVERSIFIED COMPANIES			
American Cyanamid	NY	25⅛	− ⅜
Amer. Standard	NY	17⅛	+ 1⅜
Amterre Development	OT	⅝	....
Arlen Realty & Develop.	NY	2¼	....
AVCO Corp.	NY	5⅜	+ ⅞
Bendix Corp.	NY	44½	+ 2⅜
Boise Cascade	NY	24⅞	+ 2⅛
Building & Land Tech.	OT	⅛	− ⅛
CNA Financial (Larwin)	NY	6	− ¼
Campeau Corp.	TR	4.70	− .10
Castle & Cooke	NY	16	+ ¾
(Oceanic Prop.)			
Champion Int. Corp.	NY	18⅝	+ ¾
(U.S. Plywood-Champion)			
Citizens Financial	AM	½	− ⅛
City Investing	NY	7¾	+ ¼
(Sterling Forest)			
Cousins Properties	OT	1⅞	+ ⅝
ERC Corp.	OT	15	− ¼
(Midwestern Fin.)			
Evans Products	NY	5⅜	+ ½
Ferro Corp.	NY	22½	+ ⅝
First Gen. Resources	OT	1/16	+ .01
First Rlty. Inv. Corp.	AM	½	....
Forest City Ent.	AM	4⅛	....
Flagg Industries—d	AM	1⅜	− ¼
Frank Paxton Corp.	OT	9	+ ½
(Builders Assistance Corp.)			
Fuqua Corp.	NY	5	+ ⅛
Georgia Pacific	NY	43¾	+ ⅛
Glassrock Products	AM	2⅝	− ⅜
Great Southwest Corp.	OT	¼	....
Gulf Oil (Gulf Reston)	NY	21⅛	+ ⅜
Gulfstream Land & Dev.	AM	3½	+ ⅜
(Bel-Aire Homes)			
INA Corp. (M. J. Brock)	NY	36½	+ 1
Inland Steel (Scholz)	NY	42	+ 3¾
International Basic Econ.	OT	1¼	− ¼
International Paper	NY	59⅛	+ 3
Inter. Tel & Tel.	NY	23⅛	+ ¾
Killearn Properties	PH	½	+ 13/16
Leroy Corp.	OT	¼	− ½
Ludlow Corp.	NY	6⅞	+ ⅞
Monogram Industries	NY	7¼	+ ⅛
Monumental Corp.	OT	9	− ¾
(Jos. Meyerhoff Org.)			
Mountain States Fin Corp.	OT	3	+ ¼
National Homes	NY	4	+ ⅞
National Kinney—d	AM	2⅜	+ ¼
(Uris Bldg.)			
NEI Corp.—d	OT	¼	+ ⅛
Perini Corp.—d	AM	5	+ ¼
Philip Morris	NY	55	− ¼
(Mission Viejo Co.)			
Pope & Talbot	NY	17½	+ 1⅜
Republic Housing Corp.	AM	1	+ ⅛
Rouse Co.	OT	3¼	....
Santa Anita Consol.	OT	6⅛	+ ⅜
(Robt. H. Grant Corp.)			
Tenneco Inc.	NY	27¼	+ 1½
(Tenneco Realty)			
Time Inc.	NY	64	+ 4⅛
(Temple Industries)			
Tishman Realty	OT	11⅛	+ 1⅛
Titan Group Inc.	OT	1 3/16	+ 1/16
UGI Corp.	NY	14⅜	+ 1
Weil-McLain	NY	7	+ ⅝
Westinghouse	NY	14⅛	+ ⅝
(Coral Ridge Prop.)			
Weyerhaeuser	NY	38⅛	+ 1⅞
(Weyer Real Est. Co.)			
Whittaker (Vector Corp.)	NY	3⅛	+ ¼
Wickes Corp.	NY	10	+ 1⅝
SUPPLIERS			
Armstrong Cork	NY	24¾	+ ⅝
Automated Bldg. Comp.	AM	2⅜	+ ¼
Bird & Son	OT	81	+ 6
Black & Decker	NY	23½	+ 1¼
Carrier Corp.	NY	12	+ 1⅜
Certain-teed	NY	15½	− ¼
Crane	NY	48½	+ 3¼
Dexter	NY	12½	− 1¼
Dover Corp.	NY	45⅞	− ⅛
Emerson Electric	NY	34½	− 2⅞
Emhart Corp.	NY	24⅛	+ ⅞
Fedders	NY	4½	+ 1⅜
Flintkote	NY	16½	+ ½
GAF Corp.	NY	11½	....
General Electric	NY	47¾	− ¾
Goodrich	NY	20⅛	+ 3⅛
Hercules	NY	28⅛	− ¼
Hobart Manufacturing	NY	21½	− 2¾
Int. Harvester	NY	24¼	− 1⅝
Johns-Manville	NY	24⅛	+ 2⅛
Kaiser Aluminum	NY	28⅛	+ 1⅞
Keene Corp.	NY	5	+ ¼
Leigh Products	AM	6⅞	− ¼
Masco Corp.—z	NY	24	+ ⅝
Masonite Corp.	NY	29¾	+ ¾
Maytag	NY	31⅝	− ¼
National Gypsum	NY	12⅜	+ ⅜
Norris Industries	NY	23⅜	+ 1⅜
Overhead Door	NY	7½	+ 1⅜
Owens Corning Fibrgl.	NY	42⅝	− 3⅛
Potlatch Corp.	NY	48⅞	− ⅞
PPG Industires	NY	35⅝	+ 1⅜
Reynolds Metals	NY	23½	+ 1¾
Rohm & Haas	NY	60	− 2⅜
Ronson	NY	4⅜	− ⅛
Rober Corp.	NY	16⅜	+ ½
St. Regis Paper	NY	35¾	+ 3½
Scovill Mfg.	NY	11¾	+ ¾
Sherwin Williams	NY	34¼	− 2¾
Skil Corp.	NY	7⅞	− ¼
Slater Electric	OT	3	− ½
Stanley Works	NY	21½	+ 1
Tappan	NY	6⅛	+ ⅛
Thomas Industries	NY	7⅞	− ⅛
Triangle Pacific	NY	6¾	− ¾
U.S. Gypsum	NY	17⅞	+ 1⅜
U.S. Steel	NY	65¾	+ 2½
Wallace Murray	NY	12⅝	+ ⅜
Jim Walter	NY	37⅞	+ 4
Whirlpool Corp.	NY	25½	− 1¼

AM—closing price American Stock Exchange. NY—New York Stock Exchange. OT—over-the-counter bid price. PC—Pacific Exchange. PH—Philadelphia Stock Exchange. TR—Toronto Stock Exchange. a—stock newly added to table. d—not traded on date quoted. vj—in bankruptcy. z—adjusted for 2 for 1 stock split. •—Computed in HOUSE & HOME's 25-stock value index. Source: Standard & Poor's, New York City.

We can't offer you the world, but we can give you the best part.

Win Monte Carlo or any of 1800 other magnificent gifts in Norandex Riviera Roulette.

The Greeks occupied it, then the Roman legions. Later Grace Kelly took over. Now it's your turn.

Monte Carlo, Europe's tiniest playground, is yours... for seven days and six nights...compliments of Norandex.

Just save the points you get when you purchase any Norandex product...siding, soffit, windows, doors, rain-carrying equipment, cabinets, carpets, anything.

Or, if you wish, you can spend your points for a choice of exciting weekend trips or any of the great gifts in the Riviera Roulette catalog. (Ask your Norandex representative for a copy.)

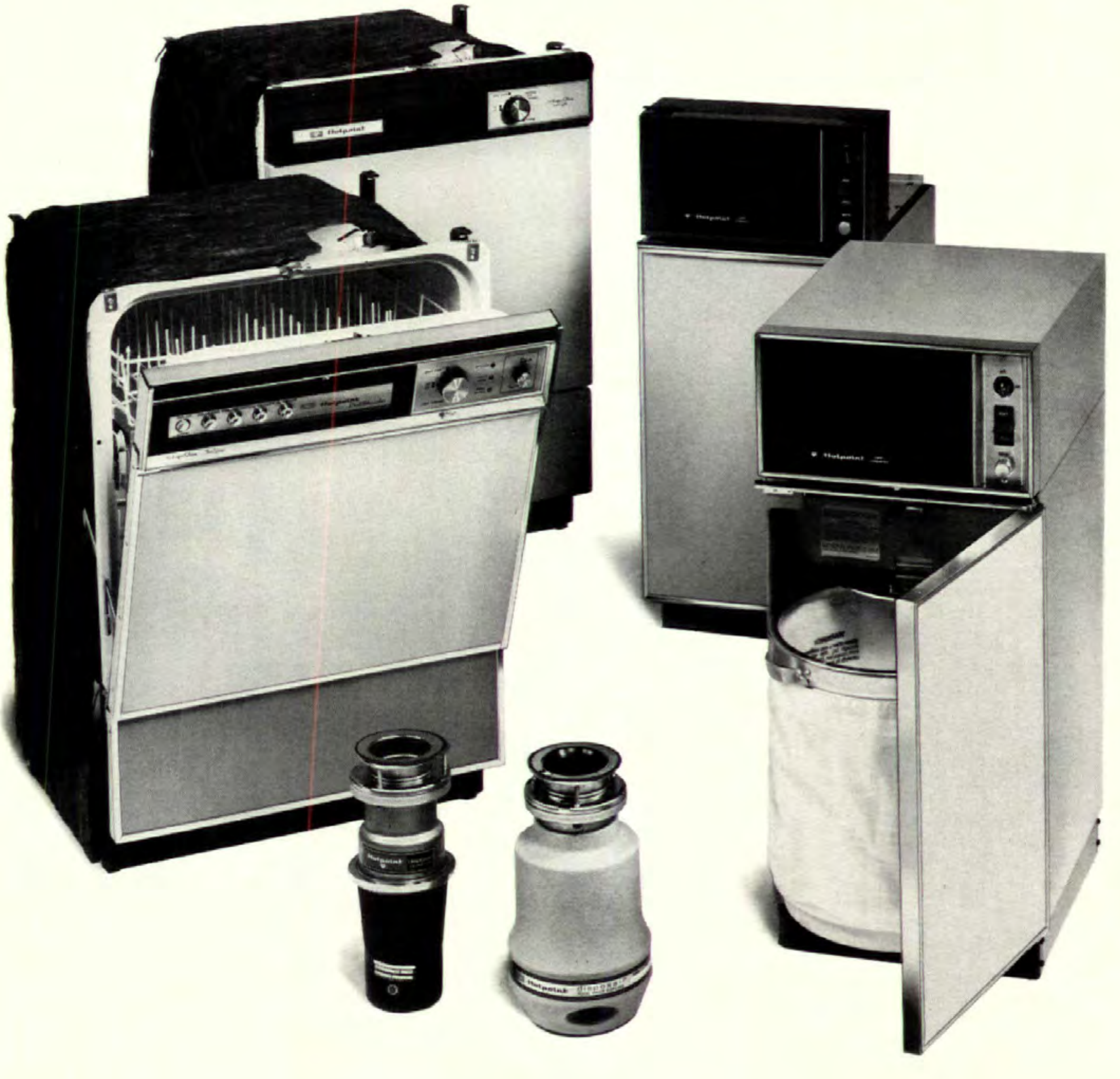
From March through November you'll earn valuable points with Norandex. See your Norandex branch manager today.

norandex
BUILDING MATERIALS

7120 Krick Road
Cleveland, Ohio 44146

Hotpoint's Clean-Up Appliances can give you a competitive edge.

1. More kitchen can mean more sales. That's why it can pay to include Hotpoint's Clean-Up Appliances in your kitchen package. Our dishwashers give you plenty to talk about. Thick sound insulation. Soft-food disposer. And energy-saving Short Wash and Wash/Power Saver Dry cycles on selected models as well. A Hotpoint trash compactor will make sense to buyers too. It compresses the weekly trash of an average family of four into one carry-out bag. A clean-up package isn't complete without a Hotpoint disposer. Its stainless steel blades chew up all kinds of scraps, even bones.



Hotpoint's builder services will help you keep it.

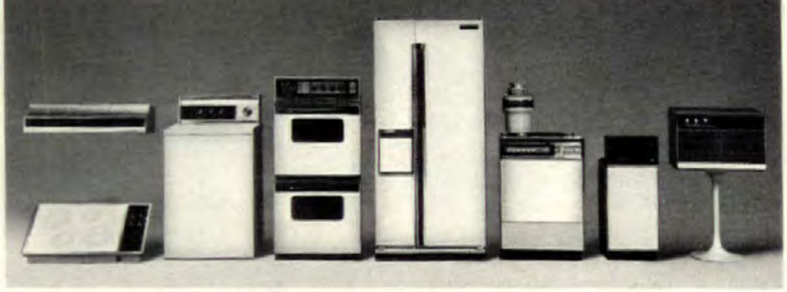
2. Our salesmen think like you do. Hotpoint builder representatives know your business. And your market. They'll not only help you choose appliances, they'll put their experience and that of our contract sales organization to work for you to make sure things go smoothly, from initial planning right up to final installation.

3. Our delivery system is geared to meet your schedule. Hotpoint's wholly owned distribution organization includes a network of local warehouses backed with strategically placed regional warehouses. The result: fast, dependable response to your orders, large or small.

4. Service Contracts: An added selling tool. Hotpoint Service Contracts—available in over 350 cities—may be just what you need to clinch a sale. They not only establish your image as a quality builder, but tell a buyer you put long-term satisfaction above immediate profit. And any service contract you buy begins after the Hotpoint warranty expires.

5. Our service is a selling point, not a sore point. It's called Customer Care® Service—a network of factory service centers in over 350 cities plus over 5000 franchised servicers across the country. It helps build buyer and tenant confidence and can take service problems off your shoulders.

We hustle for your business. And it shows.



Hotpoint

A Quality Product of General Electric Company

CIRCLE 21 ON READER SERVICE CARD

CIRCLE 23 ON READER SERVICE CARD


PHOTOS: SQUIRE HASKINS/DALLAS

President's warm greeting to the builders was presented by videotape on the convention's opening day. One day later he said in state-of-union message: "We had a disappointing year in the housing industry in 1975, but with lower interest rates and available mortgage money, we can have a healthy recovery in 1976."

The show: An industry on way back up

What the 32nd annual NAHB convention might have lacked in the dramatic hairpin turns and flip-flops of yesteryear, it more than made up for with a steady climb into optimism for the future.

The mood was one of confidence. The industry was on the way back up.

Political speakers, government financing experts, economists and the builders themselves predicted 1976 would be a breath of fresh air. They said it would bring 1.3 to 1.6 million housing starts and that the total would edge near 2 million the following year. Some unabashedly insisted that the figure would top 2 million in 1977.

Although not glittering when compared to 1971-1973, all 2-million-plus years, the 1976 performance will be far better than the 1.16 million of 1975. The year's final figure, announced just before the builder show, represented the lowest number of starts in 29 years.

'What a difference.' Builder Emil Keen of Alexandria, Va., moderating the panel on "Housing and Economic Outlook for 1976," summed up the spirit of the convention:

"What a difference a year makes. It's quite evident by the attendance here today that conditions are improved. Last year, this session was packed to overflowing. There are a lot of empty seats out there and quite a few relaxed faces."

Top developments. The exposition brought 49,500 people—2,500 more than last year—to the proudly modern Dallas Convention Center. These were the big show's highlights:

• President Ford sent warm encouragement in a videotaped appearance that opened the show. One day later he pledged in his state-of-the-union message: "I will ask for additional housing assistance for 500,000 families." Even though they were carefully advised that the units would not all be in new construction, the builders appeared to take comfort from the President's promise.

• Senator Hubert Humphrey (D., Minn.) won a standing ovation from a wildly enthusiastic audience of 1,500 after an attack on Washington's housing policy and a demand for the release of $2 billion more in federal mortgage funds.

• Senator Edward Brooke (R., Mass.) and Rep. Henry Reuss (D., Wis.) vowed to force the Ford administration to release the remaining $2 billion in unspent Brooke-Cranston funds to subsidize 7½% interest rates for middle-income families and speed housing's recovery.

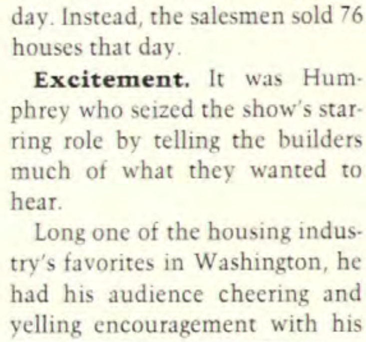
• Builders found some surprising new nuggets in old programs. Consultant William R. Smolkin of New Orleans alerted them: "Read the fine print [for the revised Section 235 single-family program]. You'll find this is a new one under an old name, designed for middle-class people with money in the bank. Take advantage of it, or be left out in the cold."

• President Malcolm Prine of Ryan Homes, which claims to be the nation's largest single-family builder, announced that Ryan was so confident about 1976 that it was expanding into three markets in addition to the 18 in which it operates.

• Fox & Jacobs *(see p. 64)*, the biggest builder in Dallas, thought its salesmen would be sitting on their hands on Super Bowl Sunday, the convention's opening day. Instead, the salesmen sold 76 houses that day.

Excitement. It was Humphrey who seized the show's starring role by telling the builders much of what they wanted to hear.

Long one of the housing industry's favorites in Washington, he had his audience cheering and yelling encouragement with his attack on the Ford administration's hold-down on housing subsidies. His speech ended, his listeners crowded around him to shake his hand and demand his autograph. It took him almost half an hour to move from the platform through a nearby door and down a short ramp to his limousine.



A welcome hand to Congressman Henry Reuss is extended by NAHB's outgoing president, Mickey Norman.

"You're vital and tremendously important to the welfare of this country," the senator said.

"No sector is more important to a recovery than the housing sector, and the housing policies of the last few years have been of little or no help."

Crossfire. The senator, striking his strongest pose as a noncandidate for the presidency, charged that the Administration's housing policy has been "relatively simple and regretably consistent—let the market take its course, even if the bottom falls out of it."

And he pledged that there would be "hell to pay" if the Administration did not direct HUD and the Government National Mortgage Assn., popularly known as Ginnie Mae, to release the remaining $2 billion in Brooke-Cranston funds.

"Pour it on," came a shout from the audience.

"I though I was," Humphrey quipped in reply, prompting a roar of carnival-mood laughter from the crowd.

The Senator didn't go unchallenged by later speakers.

Daniel P. Kearney, Ginnie Mae's highly articulate young president, appeared on "The Mortgage Market Today" panel and disputed Humphrey in spirited fashion.

"I couldn't disagree with him more," Kearney said, and he reminded his listeners that the government had provided $30 billion for housing in the last few years.

"We certainly haven't let the bottom fall out," he said in riposte.

A softer answer. Housing Secretary Carla Hills responded to the senator's demands with a demure smile. Said the convention's lady in the gray flannel suit:

"Senator Humphrey often puts heat on the Administration."

She went on to point out that

TO PAGE 26

The show: An industry on the way back up *continued from p. 24*

"the statute gives the secretary of HUD the right to use the funds if, where, when and as needed," and she said the $2 billion would be released when needed.

'Outrageous.' Sharing a panel on "Government and Housing," Senator Brooke, co-author of the Brooke-Cranston legislation, said he has been asking HUD for release of the act's full $5 billion ever since the funds were appropriated last summer. He also said he expected the remaining $2 billion not yet released to be freed in the near future.

Another participant, Congressman Reuss, charged that the Administration's refusal to release the funds was actually an act of impoundment—an act that was "illegal, unconstitutional and outrageous."

"These funds," Brooke said later, "would go a long way toward making the predictions of the economists come true." He added wryly:

"They need a few right predictions."

Down to business. There was a time early in the convention when observers suspected that the temptation of an election year might be too great for virtually all speakers and that the show would turn into a political free-for-all. The jousting failed to materialize, however, and the convention stuck pretty much to the business of seeking ways to provide better housing more inexpensively for the nation.

Ryan's Prine explained how his Pittsburgh-based company had been doing just that as of late—with enviable success.

Prine said his organization sold 5,500 homes in the $36,000 range in 1975 and predicted his firm would do better in 1976. He stressed the point that the general business turnaround that began last May had put more real income in the pockets of consumers, and he predicted that the consumer's income gains would continue to outrun price increases throughout 1976 and probably into 1977.

His company intends to move into Charlotte, Memphis and an undisclosed southeastern city this year, Prine said. That will bring Ryan's number of markets to an impressive total of 21.

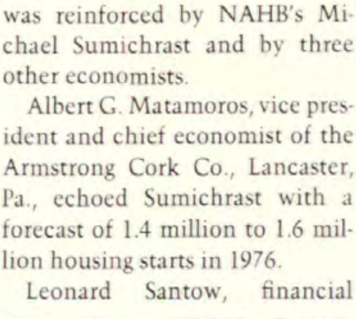
SQUIRE HASKINS

Convention's star performers were Secretary Carla Hills and Senator Hubert Humphrey, conferring here with NAHB's Executive Secretary Nat Rogg. Humphrey's rousing speech to 1,500 brought standing ovation. The senator attacked Ford administration's housing policy. Mrs. Hills deftly shrugged off his criticism.

Outlook. Prine's optimism was reinforced by NAHB's Michael Sumichrast and by three other economists.

Albert G. Matamoros, vice president and chief economist of the Armstrong Cork Co., Lancaster, Pa., echoed Sumichrast with a forecast of 1.4 million to 1.6 million housing starts in 1976.

Leonard Santow, financial analyst for J. Henry Schroder Inc., New York, expressed similar views. He added that the economy in 1976 "will be carried by the consumer," with business adding little until about mid-year, then gaining in participative strength in 1977.



H&H PHOTO: BOB LEE

RYAN'S PRINE
Big builder getting bigger

The convention's lowest estimate for '76—about 1.3 million starts—came from Consultant Smolkin.

Crowded seminars. All the optimism and confidence did not deter homebuilders from packing the dozens of how-to seminars that promised to save construction costs. One particularly well-attended series was on "The Affordable House."

John King, a building consultant from Rockville, Md., warned that the availability of land, its raw cost and the costs attached to its development are all significant factors in the ultimate cost of the house.

Ryan's Prine urged builders to remain flexible enough to survive the changes in the industry.

Peter M. Ochs, president of William Lyon Co. of Newport Beach, Calif., said he spends a great deal of time battling government regulatory pressures, but added that while his firm's business is increasing, it plans no increases to its staff.

The products. Some 500 manufacturers displayed a myriad of products, many of them emphasizing energy savings. Those included solar systems, controlled-heat fireplaces and a Japanese company's water-saving toilet. A new series of self-contained and split-system heat pumps was also on view.

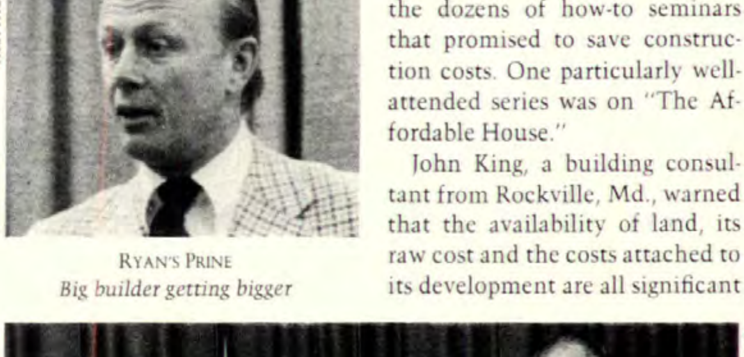
Manufacturers' representatives said they noted less congestion in the crowds around exhibits than in past years, but none reported any decline in sales.

And farewell. The convention had started in the super euphoria of the Super Bowl and ended on a note of expectation, characterized by a Dallas Cowboy fan, co-incidentally a homebuilder. "Wait 'til next year," he told a companion. "Just wait."

"The convention?"

"Sure. That and the next Super Bowl. Dallas won't lose that one. No sir."

Nor did homebuilding plan to lose the game in 1976. —BOB LEE
McGraw-Hill News, Dallas



SQUIRE HASKINS

Mortgage panel led by builder Roland Ferland, Pawtucket, R.I., featured Dan Kearney and Oakley Hunter, heads of Ginnie and Fannie Mae.


All from Sears.
Consider Sears Contract Sales for kitchen, bath, laundry, heating, cooling, cleaning—and service.
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
38-HH-2/76-Single Source.
CIRCLE 27 ON READER SERVICE CARD

CONVENTION

NAHB directors take a policy turn toward the right

The NAHB directors' meetings in Dallas revealed a distinct turn toward conservative doctrine and a new enthusiasm for grassroots activism.

One of the two major speakers at the important Wednesday meeting was NAHB's Mike Sumichrast, who was introduced as a "refugee"—he is from Czechoslovakia—as well as the association's economist.

Call to action. Sumichrast's speech was not new. He had made some of it last year. But the acclaim and the wild cheering that greeted his message indicated a deep new interest in his plea for a turn away from welfare-state policy.

"The U.S. is in the middle of fundamental changes [of a socialist nature]" he warned. "If this trend is not reversed, we may lose our own freedoms."

He had much more to say in this vein, all well received, but it was his call to action that galvanized his audience:

"The individual must do more for himself . . .

"We must change the system to provide incentive for working rather than for not working. (Applause.)

"Go back home and get involved. This is your country and your responsibility." (Standing ovation.)

And action. The other major speaker that day got an even warmer reception.

Erminio Giuliano was one of the organizers of the "We Want to Work" parade staged recently by the homebuilders of Boca Raton, Fla. He delivered a rousing speech that featured calls to patriotism, morality, the work ethic and free enterprise. It brought his audience to its feet.

The message. Afterwards, Giuliano explained what he wanted the parade to do. "People keep restricting us," he explained. "The small builder can't cope with the government red tape and costs. He doesn't have the time or the money. And they raise the cost of building so you can't build low-cost housing anymore."

Eye on the dollar. The builders' conservative swing did not go so far as to change NAHB's enormous appetite for government housing money. The directors' statement of policy and the rsolutions passed the day before were replete with pained cries for more of the Washington dollar. They were also full of manipulation techniques for shunting private dollars to the homebuilder—a call for forcing pension funds to invest in real estate instruments in order to retain tax-exempt status, for example.

SQUIRE HASKINS

NAHB's team for '76 is led by John C. Hart of Indianapolis, Ind. as president (*left*). Others are Robert Arquilla of Glenwood, Ill., first vice president; Ernest A. Becker, Las Vegas, vice president and treasurer, and Vondal Gravlee of Birmingham, vice president and secretary. Gravlee was elected without opposition.

But in the midst of calling for ever more government succor, the policy statement took time to assert, down near the end, ". . . the proper role of government in housing is and should be an inherently limited one."

Election. The official slate of NAHB officers—John Hart, Bob Arquilla, Ernest Becker and the newcomer, Birmingham's Vondal Gravlee—was elected unanimously in a vote that the outgoing president, Mickey Norman, called one of the fastest on record.

Membership hunt. The directors also changed the NAHB bylaws to allow, at local option, a new type of member—a supporting member. He can be an employee of a member in good standing, will pay dues of $15 instead of $50, and will be entitled, for his payment, to the NAHB publication, *Journal/Scope.* More to the point, his name will be added to the membership list, already an impressive 76,888 names long, that NAHB likes to wave, from time to time, in front of Congress and the White House.

—HAROLD SENEKER
in Dallas

The big show brings Big D good jobs and $10 million

"It was a super show," NAHB officials reported as they recorded an attendance of 49,500, some 2,500 greater than last year.

Not only did more delegates come; they stayed longer. The heaviest departure day last year was Tuesday, for a convention which begins on Sunday. This year, most convention-goers left on Wednesday or Thursday.

Jobs and overtime. The Dallas economy was the big gainer, with an estimated $10-$15 million infusion compared with the $8.7 million that convention manager Claude Steele says NAHB can pinpoint for last year. Local tradesmen setting up the 500 exhibits included 500 carpenters, 129 electricians, 60 plumbers, 50 telephone installers and 35 people working for florists. Between 250 and 300 cleaning personnel worked during the convention.

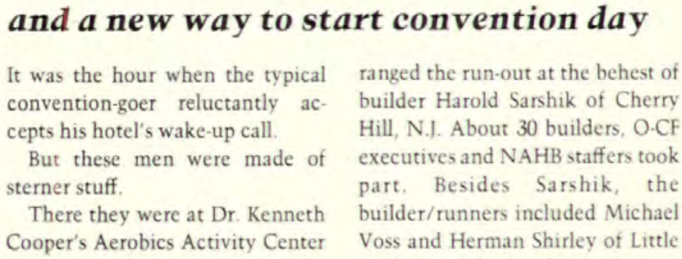
The Dallas Transit System gained $75,000 to $80,000 in additional revenue from the four days it furnished some 125 shuttle buses between hotels and the convention center on a 12-hour schedule. (The DTS reports that few other conventions bring as much as $30,000 added revenue to the system.) Convention duty for drivers, who worked on their days off, was all overtime.

More spending. The Yellow Cab Co. had every available taxi in service and reported business up strongly over last year. Drivers found conventioneers "much more liberal with tips" than in 1975.

Conventioneers booked some 18,000 hotel rooms, spilling into half a dozen Dallas suburbs.

The Dallas Restaurant Assn. set up an information and reservation service at the convention center and not only increased business, but also spread it to more restaurants than in 1975.

Retail stores found their cash registers ringing faster. Said Neiman-Marcus's Richard Marcus, who heads the Retail Merchants Assn., "Homebuilders may not actually be in much better shape this year, but they certainly feel they are. They were spending more this year." —L.S.



LORRAINE SMITH

Dawn in Dallas . . . and a new way to start convention day

It was the hour when the typical convention-goer reluctantly accepts his hotel's wake-up call.

But these men were made of sterner stuff.

There they were at Dr. Kenneth Cooper's Aerobics Activity Center warming up with calisthenics, taking a couple of turns on the indoor track and then heading into the real thing—a two-mile run on the winding outdoor track.

Owens-Corning Fiberglas arranged the run-out at the behest of builder Harold Sarshik of Cherry Hill, N.J. About 30 builders, O-CF executives and NAHB staffers took part. Besides Sarshik, the builder/runners included Michael Voss and Herman Shirley of Little Rock, Don Ward and H.S. (Smitty) Duke of El Paso and Vernon R. Wexler of Minneapolis. Guy Mabry, vice president of construction sales and marketing, headed the Owens-Corning group.

Insulation is cheaper than oil

Skyrocketing prices for oil, natural gas, and electricity have turned the business of building houses into a whole new ball game.

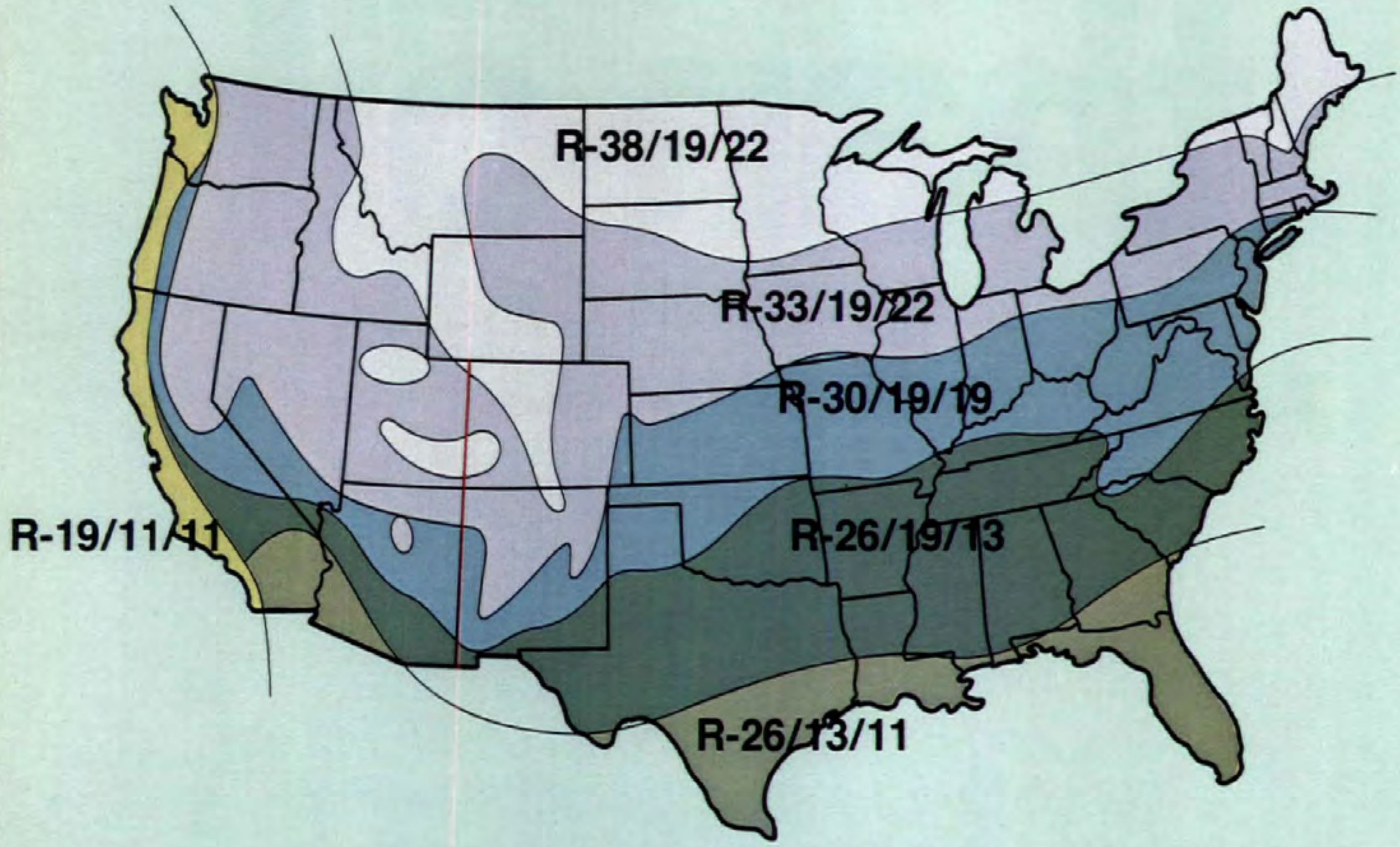
Suddenly, an extra few hundred dollars' worth of insulation can mean a saving of up to *thousands* on heating and on air-conditioning bills over the life of a home.

And Energy-Per-Month cost (EPM) is fast becoming the second biggest selling feature of your houses, next to price itself.

Turn the page for Owens-Corning's rundown of totally new, economical levels of insulation recommended for the era of high-cost energy. New recommendations based on the fact that insulation is cheaper than oil!

Insulation is
Today's home buyer
you to

Here are the new economical levels of insulation recommended by Owens-Corning for six U.S. climatic zones



New economical R values:
Ceilings/Walls/Floors

How did Owens-Corning arrive at these numbers?

Very carefully. Months of computer analysis were cranked into it—from degree days and cooling hours in 71 U.S. cities to insulation costs, present energy costs, projected energy costs, and investment criteria.

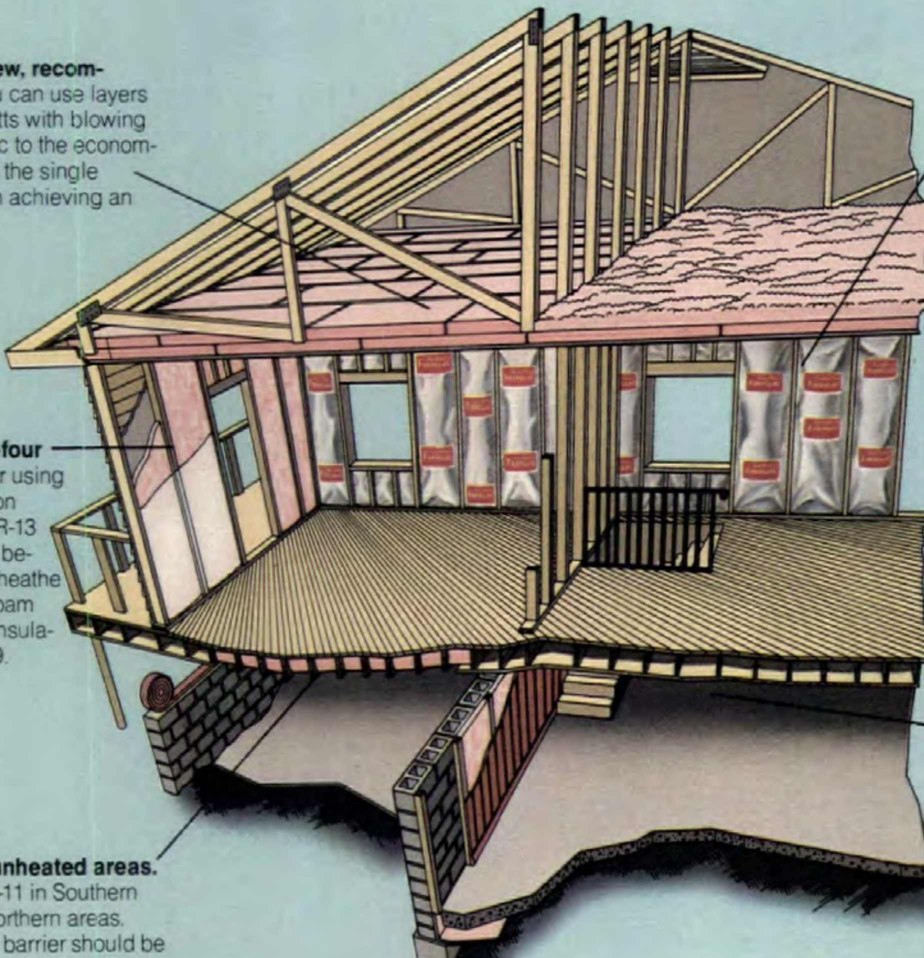
The result? Recommendations which represent a balance between the cost of any additional insulation and the value of the energy saved. *Guidelines* to the *most economical* amount of insulation for ceilings, walls and floors in each area.

The new standards recommended above are averages for each heating/cooling zone, expressed in "R's"—the Resistance an insulating material offers to the passage of heat.

In more familiar terms, the R numbers for ceiling insulation translate to about 12" (R-38) of

cheaper than oil.
knows it, and he expects
know it, too!

Here are some practical ways of achieving these new optimum levels of insulation and of providing more affordable housing



nsulate ceilings to new, recommended R-values. You can use layers f batts, or combine batts with blowing vool. Insulating the attic to the economcal R level is probably the single nost important factor in achieving an nergy-saving home.

Two-by-SIX studs, 24″ on center—cuts framing lumber by 30 percent! Thicker walls, to hold thicker insulation (R-19 batts), give needed strength with *less* lumber, often at less *cost*, than the usual two-by-four studs, 16″ on center. Also, you can use lumber of less expensive *grade*, and two-by-THREE studs for interior non-load-bearing partitions.

Proper R with two-by-four studs, too. If you prefer using wo-by-four studs, 16″ on enter, you can install R-13 ull-wall batt insulation beween the studs, then sheathe he exterior with rigid foam oard. This increases insulaon value to about R-19.

Save money on smaller-capacity equipment. An energy-tight house often permits you to specify smaller, *less costly* heating and cooling equipment. When possible, position it centrally for increased efficiency.

nsulate floors over unheated areas. nstall a minimum of R-11 in Southern ones, up to R-22 in Northern areas. Vhere required, vapor barrier should be laced toward the warm-in-winter side.

iberglas* building insulation in a Jorthern city like Minneapolis to bout 8″ (R-26) for most Southern states.

And a full 6″ (R-19) batt, even or the balmy West Coast!

How to hold costs down. The iagram above gives a few valuable tips on how to build energy-tight homes without driving costs through the roof.

These ideas are tried and proven by builders of super-insulated houses. Houses that cost little more than conventional dwellings, and are slashing heating and air-conditioning bills.

You're looking at the new facts of life. They're not going to go away.

Builders must respond just as quickly and dramatically to the realities of EPM—the homeowner's Energy-Per-Month costs for heating and cooling—as Detroit has to the realities of MPG.

Ready now! Free Owens-Corning sales aids to help you turn energy-saving houses into sales dollars fast.

Tabletop Placard. Spotlights you as a responsible builder of an energy-conserving home. Shows estimated energy savings *on your home* vs. a conventionally insulated home.

Consumer Savings Booklet. Explains to your home buyers how insulation will reduce their Energy-Per-Month costs, and offers other energy-conserving hints.

Thermostat Hangtag. Assures prospects you've installed the recommended amount of Owens-Corning Fiberglas insulation—to save them fuel and money year after year.

Furnace Decal. A continuing reminder that your well-insulated homes offer lasting value!

Mr. A. W. Meeks
Owens-Corning Fiberglas Corporation
Fiberglas Tower, Toledo, Ohio 43659

Right! My buyers care about Energy-Per-Month costs. Give me more information!

Name____________________

Address____________________

City________ State________ Zip________

*Reg. TM. O-C.F.

Owens-Corning is Fiberglas

OWENS/CORNING FIBERGLAS

Builders see a good year—Their cry: Let's go get it

"We'd better make hay while the sun shines," warned Robert E. Pinson of Pinson Properties in Birmingham, Ala.

Election-year politics, he said, "has got to have an effect on the market. Both the Republican administration and the Democratic congress will work to ease money. So 1976 could be a fantastic year for the homebuilding industry. But we'll be slapped down in 1977."

Pinson's opinion was common among builders interviewed for their outlook for 1976 and for an assessment of the effect of this year's elections on the industry. They revealed a hard core of skepticism about what politicians can or will do for housing—and the price builders may pay for any action the politicos do take.

A majority of builders felt, however, that effects of politics on the industry probably would be minimal.

'Pay a price.' Roy G. Asbahr of the Roy & Ted Asbahr Builder Co. in Portland, Ore. summed up:

"I think we will pay a price in 1977 as we did in 1973 and 1969, when we saw a substantial downturn in housing following good building activity in presidential election years."

Two of the convention's principal speakers, Senator Hubert Humphrey (D., Minn.) and HUD Secretary Carla Hills, got mixed reactions. A surprisingly large percentage of the sample didn't bother to listen to the governmental speakers. One builder termed such sessions a waste of time because of the predictability of what would be said.

But there were people like Jack E. Bertolette of Camp Hill, Pa., who found Humphrey "just fantastic."

Carla Hills, he said, "was just here to express the political views of her boss running for election."

The economy in Bertolette's area is strong and "there is definitely going to be an improvement this year, no question about that."

'It depends.' Earl G. C. Shafer of Clarence W. Gosnell Inc. in Vienna, Va. said he sees "a fairly good year," but he added: "It depends on who gets in."

Lev Old Connor of Sweet Pea Homes in Dalhart, Tex. also expected his business to be "all right this year" in spite of continued cost escalation. Connor builds in small towns and rural areas under the Farmers Home Administration program, which he describes as "a very good one—if the public just knew about it."

"Business is looking good in the Midwest, and there is a lot of activity in our area," reported John D. Vermaas of Lincoln, Neb. However, he deplored the fact that "housing is getting to be a luxury."

All out for Humphrey. Robert C. Candlish, American Development Co., Fond du Lac, Wis. found Carla's talk "very sensible, and her answers to questions were excellent." As for Humphrey:

"The way that man can play on people's emotions. Listening to him talk was as much fun as the Super Bowl."

Candlish said his own company was "in a better position than ever because of planning. "But," he lamented, "I have never seen the country so paralyzed. Unfortunately we have a President who can't lead and a congress that won't act. We need a whole new crew."

C. Cass Collins of Springwood Builders in Naperville, Ill. said he looks for a good year this year, as did Terry F. Messing of Hutchinson, Kans. Messing found that "none of the speakers had any surprises, but we like what Hubert has to say better than what Carla has to say."

Problems. Wilfred Barry of D'Abar Builders in Downers Grove, Ill. said he looks for a 12% rise in his single-family volume this year, but he added that he did not see "any immediate surge in business." A problem in Chicago, he said, is that money costs are still too high for apartment construction to resume.

John Kincannon, an apartment builder from Little Rock, Ark., also explained that "the numbers just don't fly in apartment construction."

"We can't charge enough rent to amortize the loan.

"What we need are innovative housing tools so we can enable people to buy. We must rethink the way we finance and own property, and I don't know who has the creativity to do this."

'More money.' Harry Pryde of Seattle, Wash. predicted:

"The Administration will allocate more money to housing—as they always do in an election year."

Wayne Jaroszewski of Hand Craft Homes in San Antonio found that "people are hungry to buy homes, but now they are thinking of housing they can afford, not what they would like to have. Even buyers of $150,000 homes are very price-conscious." —LORRAINE SMITH

McGraw-Hill News, Dallas

H&H PHOTOS: LORRAINE SMITH

'We're looking to good start in 1976'
C. CASS COLLINS
Springwood Bldrs.
Naperville, Ill.

'Definitely going to be improvement'
JACK BERTOLETTE
Independent
Camp Hill, Pa.

'Politics will have a big effect'
JOHN VERMAAS
Vermaas Const.
Lincoln, Neb.

'This will be a fairly good year'
EARL G.C. SHAFER
Gosnell Inc.
Vienna, Va.

'The Farmers Home Administration has a very good program, if people just know about it'
LEV OLD CONNOR
Sweet Pea Homes
Dalhart, Texas

'Humphrey had good analysis of problem'
HARRY PRYDE
Pryde Corp.
Seattle, Wash.

'Not really a recession in our area'
TERRY MESSING
Messing Builders
Hutchinson, Kan.

'Definitely going to be an increase'
WILFRED BARRY
D'Abar Builders
Downers Grove, Ill.

'76 should be fantastic year in building'
ROBERT PINSON
Pinson Properties
Birmingham, Ala.

'We need innovative housing tools'
JOHN KINCANNON
Apt. Builders Inc.
Little Rock, Ark.

'Humphrey as much fun as Super Bowl'
ROBERT CANDLISH
American Dev. Co.
Fond du Lac, Wis.

'Some easing of money supply'
ROY ASBAHR
Asbahr Builder Co.
Portland, Ore.

'Going to be a real good year'
DONALD HRNJAK
D'Abar Builders
Downers Grove, Ill.

'I walked this show six times. People want to buy housing, but . . . housing they can afford.'
WAYNE JAROSZEWSKI
Hand Craft Homes
San Antonio, Texas

Interview:

Housing takes Hart for '76—His strategy: Speed up the Ford

In John Christopher Hart, the Indianapolis builder/developer, the National Association of Home Builders has a president who wants to build a grassroots fire under President Ford.

Hart thinks that the Administration can be persuaded that it's good economics and good politics to adopt an annual goal of 1.8 million housing starts "and make the funds available to build that level of housing."

Hart said in an interview on the eve of the NAHB convention that he's no defeatist when it comes to winning Ford over. The Administration, Hart said, "has no housing policy right now," but he insisted that the President could be sold on 1.8 million starts "if his advisers understood the economics of housing as it relates to the total economy."

Hart is clearly no fan of Treasury Secretary William Simon, Economic Adviser Alan Greenspan or Budget Chief James Lynn, who preceded Secretary Carla Hills at the Department of Housing and Urban Development.

Election's shadow. "Politically," Hart says, "I don't understand how an administration can go into an election next year and expect to be re-elected when a major segment—10% or 11% of the GNP—is totally neglected in government policy." He also notes that NAHB has 25,000 builder members who are philosophically small-business oriented, and "to kiss off their support because of a lack of interest in their business seems inconceivable to me in an election year."

As to Secretary Hills and her leverage inside the Administration on behalf of homebuilding, Hart was lavish in his praise and optimistic about what she may be able to do.

"While we were originally disappointed in her appointment," he said, "we now believe she's gotten out of the James Lynn budget area. She is now what we believe to be a very sensitive person who is interested in becoming a successful secretary of HUD—and success in HUD is based on housing production. And we believe the 1.8-million goal which we stressed to the President and to her at a White House meeting [NEWS, Jan.] is a goal which she thinks is achievable."

Differing views. The only difference the NAHB might have with Mrs. Hills, Hart says, is how to attain the goal. "We would probably urge an emphasis on non-governmental housing while Mrs. Hills would favor government programs," he explained. "And she won't recognize the backlog and processing difficulties within HUD. We know them by experience."

Hart does warn about "an offsetting factor with everything good I've said about her."

"A new cabinet officer," he cautions, "can be completely dominated by economic advisers around the President who are so conscious of budgetary problems that, regardless of her goals and ambitions, she can be shot down.

"So she needs a constituency such as ourselves to work with her in convincing the President and the economic advisers of the feasibility of trying to attain 1.8 million starts."

Big builder, big man. Hart is a big, slow-speaking bear of a man (6'2" and 280 lbs.) with a big family (nine children). He has been active in most phases of real estate construction—single-family, multi-family, FHA, VA, subsidized and non-subsidized, land development, shopping centers, industrial parks. He's built close to 11,000 housing units in 27 years (he's 54) and his business, all within 60 miles of his home in suburban Indianapolis, has run around $10 to $12 million a year. For 1975, though, sales were $6.5 million—$3.5 million in new construction and half of the $3.5 million in housing.

Hart is also a big man in Republican politics—a conservative—having been elected Indiana's man on the Republican National Committee last March. (There's also a committeewoman). Prior to that he served three terms in the Indiana legislature, so he has the political credentials that should help to get a hearing from a conservative Republican administration in Washington.

Regional rallies. To build more political leverage, Hart has launched six regional meetings of the homebuilders—San Francisco, Kansas City, Chicago, New Orleans, Atlanta and Washington (in March). The plan is to prepare for April and May meetings with the Administration and Congress—meetings that would apply pressure and persuasion for the 1.8-million-starts goal.

Hart acknowledges there may seem to be some contradiction in builders' seeking funds for subsidized housing at a time when they're so strong for trimming back the federal deficit. Hart says, though, that he thinks the 1.8 million is "noninflationary" and that "we can prove that the increase in employment and the increased benefits in local, state and federal taxes derived from this type of production would more than offset any special credits or budgetary allocation by the federal government to our industry."

His solutions. Hart has strong views on most of the problems facing the industry:

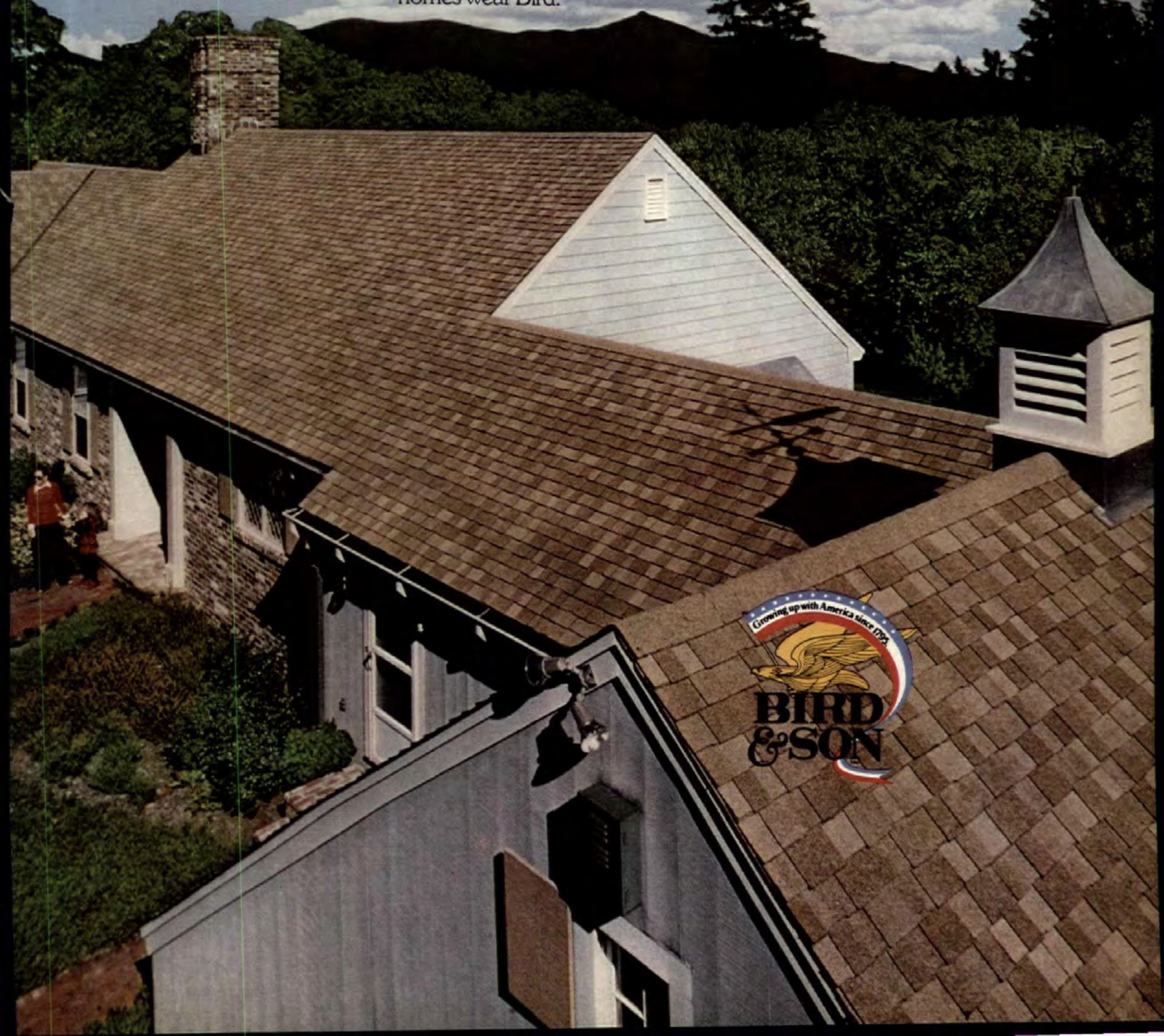
- Interest rates—The key factor for homebuilding, and the root of the problem, is the deficit spending of the federal government.
- Inner-city housing—Even after rehabilitation of housing, "the environment is still there." One answer is to write down the cost of land to the inner city builder to the same level as suburban land.

PHOTOS: GWENDOLYN STEWART

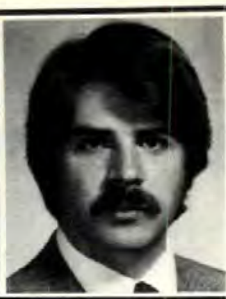
Hart-felt moods: NAHB's chief in earnest, persuasive and reflective disposition during Washington interview.

- No-growth/slow growth—Court decisions are likely to "abolish zoning as we have known it."
- Subsidies—"I'm a great believer in . . . a onetime, front-end subsidy, particularly for ownership." Hart favored the proposal of Senators Edward Brooke (R., Mass.) and Alan Cranston (D., Calif.). The Administration's Section 8 program, Hart feels, has major pitfalls, as has the new Section 235 program.
- Tax reform—"In the multifamily market, we don't have the capacity to raise funds without some shelter for our investors." The equity investor, given the high level of interest rates, "has to have somewhere between 15% and 20% of the dollars he puts in."
- Redlining—"I want to be very careful . . . If we get into a position of asking that money be reinvested exactly where it's collected, we'll go back to what happened 20 years ago. Most of the investments were then made along the East Coast. We can't go back to that philosophy."

—DON LOOMIS
McGraw-Hill World News, Washington



Growing up with America
BIRD &SON

The common situs picketing bill ignores the fact that there are neutral employers at a construction site

In a last-minute reversal, President Ford recently vetoed the common situs picketing bill and halted organized labor's continuing attempts to win complete control of all building trade jobs in America.

Many informed industry people have suggested, however, that the President's action was merely a concession to the Reagan threat. And with enactment so close this time, the bill will certainly come up again at an early date.

Provisions. The common situs picketing bill was designed to overrule a long line of Supreme Court and National Labor Relations Board decisions by permitting a union that has a dispute with a general contractor or a single subcontractor on a project (the "primary employer") to close down the entire job by picketing to prevent the employees of other subcontractors ("neutral" or "secondary" employers) from working.

Present court rulings, such as the Reserve Gate Doctrine [H&H, June '73] limit a union's lawful picketing of a construction job to the primary employer. The proposed law, however, places only two restrictions on the union's right to picket the entire project: ten days' notice to the parties involved and approval by the union's national office. This minor inconvenience has been grandly labeled an "incentive to negotiate."

Organizational tool. The building-trades unions are looking at this legislation not only as a means for solving legitimate economic disputes, but as an organizational tool. A representative of the AFL-CIO testified before the Senate Committee on Labor and Public Welfare that the organization was supporting the bill "to see every job in America a union job." Union rhetoric aside, this is a serious threat to the already shaky economy of the construction industry.

Organization simply does not involve negotiation—so much for the "incentive to negotiate" argument. And the majority of nonunion workers are concentrated in the light construction industry, which would most likely bear the brunt of work stoppages. This would add to the already long lead time in construction and unsettle production just when the industry can least afford it.

Legal background. With a remarkable lack of reality, the Senate Committee report stated: "This approach [i.e., the common situs picketing bill] reflects the economic realities in the building and construction industry because the contractor and his subcontractors are engaged in a common venture, and each is performing tasks closely related to the normal operations of all others."

For the past 25 years, the law has recognized that the Committee's statement is simply not true. The proposed law does away with the distinction between manufacturing plants and construction projects that was established by the U.S. Supreme Court. In a series of decisions beginning with the landmark *National Relations Board v. Denver Building & Construction Trades Council* decision*, the Court held that a construction project represents a "common situs" where several different contractors work simultaneously at the same location.

The Court's position is based on the fact that each employer is a different entity with different employment practices, economic capabilities and responsibilities to its employees. The fact that separate employers can cooperate to achieve a common goal in no way means that each should be responsible for the others or bound to their internal policies. The employers of the various trades are no more a single entity because of their cooperation than are the various unions that represent the different crafts.

Yet the proposed law simply ignores that, in fact, there are neutral employers at a construction site. Can anyone believe that the subcontractor digging the foundations on a project has any real control over the wages the plastering subcontractor pays on the same job? Still, the common situs bill would permit the union to picket the excavator and any other subcontractor at the site during an organizational campaign or wage dispute with the plasterer.

Economics. The "economic realities" to which the Senate Committee refers need careful examination. For instance, even considering the seasonal nature of construction, wages in the building trades are consistently higher than wages in manufacturing. Construction contracts are treated differently under the National Labor Relations contract-bar rules. And construction unions are exempt from the "hot cargo" provisions of the National Labor Relations Act.

The depression in the light construction industry could hardly be ended if unions could completely shut down a construction site for real or imagined disputes or for the purpose of organizing. Committee member Sen. Paul Laxalt (R, Nev.) noted that common situs picketing would conflict with the National Labor Relations Board's policy of promoting "orderly and peaceful procedures for resolving labor disputes" and with the various states' right-to-work laws. He not only forecast more strikes, but strikes that would be even longer and more costly than those that have already occurred.

In the end, the cost would be borne by the families who need housing—and they'd pay it at 9% interest for 25 years.

Politics. Ex-Labor Secretary John Dunlop based his support of the bill on the provisions that established the Construction Industry Collective Bargaining Act, which he felt would stabilize wage rates and prevent "leapfrogging." The Act would have created a national commission modeled on the Construction Industry Stabilization Committee, an element of the Economic Stabilization Act of the early 1970s. To Dunlop, common situs picketing was a *quid pro quo* for achieving such a commission.

The fallacy in his position is that there is no relation between these two sections of the proposed law; they are not dependent or even complementary. The arrangement is purely a political one designed to generate labor support for industry-wide collective bargaining by giving labor a plum it has been trying to pick for 25 years.

Employer reaction. The fortuitous timing of the presidential election campaign is perhaps the only thing that prevented union success in this session of congress. There is no doubt that the fight will begin with more vigor than ever in the next.

With this sword of Damocles hanging perilously close, many employers have now been jolted into consciousness. Evidence of this can be seen in the search for employer alternatives and in the resurgence of grassroots organizations of employers banding together on their own to explore new ways to deal with the problem.

One example is the American Employers' Confederation,** which started in response to proposed situs picketing legislation. The unequal restrictions in campaign financing laws and right-to-work laws are other areas that such groups are ready to tackle.

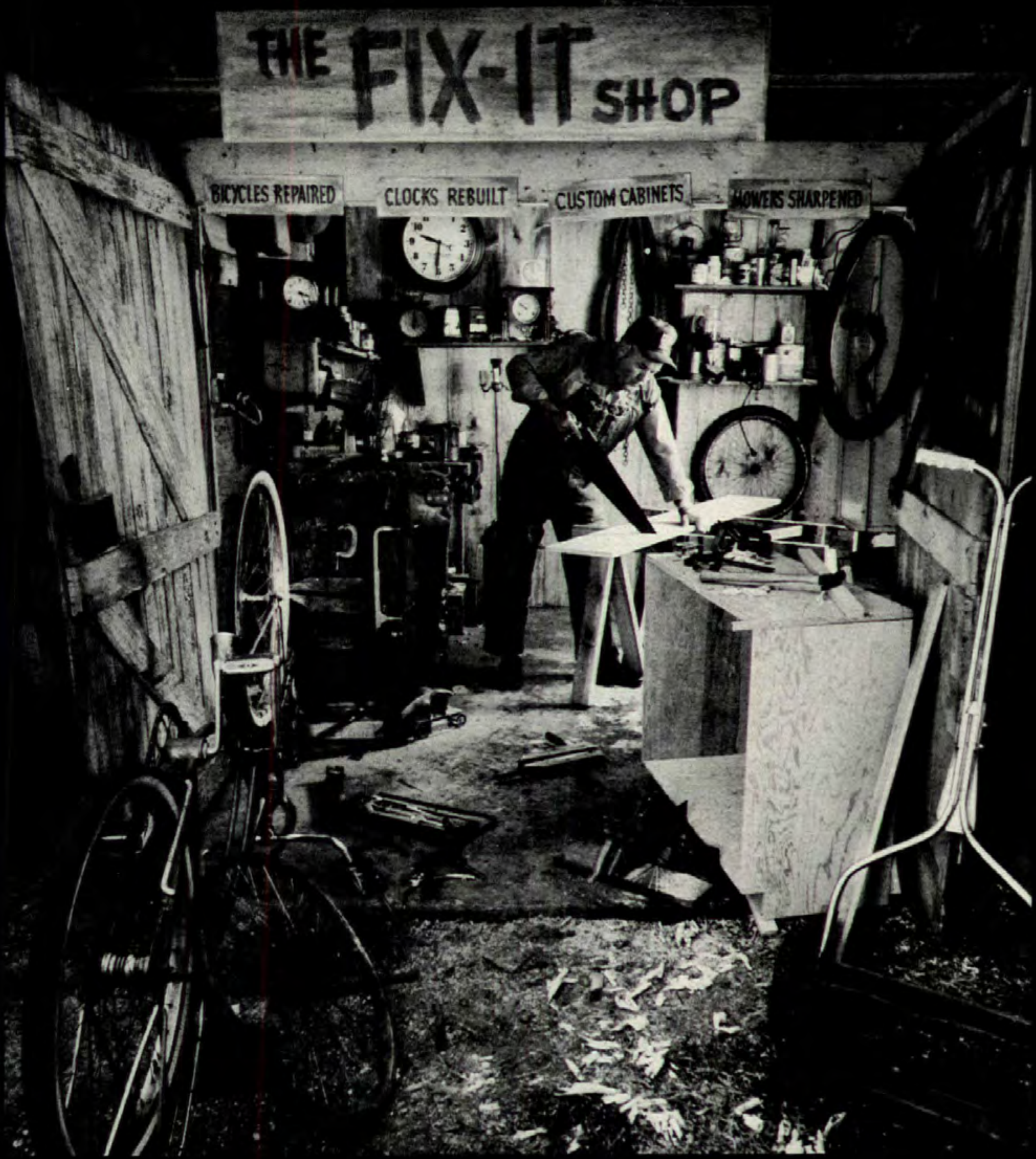
The unions' ability to come so close to success after 25 years of pressing for common situs picketing is a warning. It's time for employers to take a leaf from labor's book and recognize that they too need a solid organization to deal with the imbalance of power in labor-management relations.

*391 U.S. 675 (1951).

**Located at Kittaning Hollow Road, R.D. 1, East Brady, Pa. 16028.

STEPHEN J. CABOT AND ROBERT J. SIMMONS, PECHNER, SACKS, DORFMAN, WOLFFE, MOSS & ROUNICK, PHILADELPHIA, PA.

Jack of all trades.



Master of one.

Buying cabinets from anybody who builds them as a sideline or from a Mom-and-Pop operation, is a great way to get yourself into a fix. Too often, they simply can't live up to their commitments.

Because they're simply not committed to building just cabinets the the way we are. As a business. Our main business. At Triangle Pacific we are committed to cabinets—all types, all customers, all markets.

So we have to do a better job.

And we do. We offer more cabinets in more styles and at more prices than anybody else in the business.

All by itself, our popular-priced Triangle Pacific line is the number one selling cabinet in the country. Plus we offer the highest quality, most complete custom cabinet line in the business, Mutschler. Add to this our new Del Mar line, which completes the gap, and we sell more than twice the number of kitchen cabinets as our nearest competitor.

But we don't stop there. We also offer the broadest line of bathroom vanities for the do-it-yourself market with the 18 styles featured in our new Triangle Pacific collection.

Like we said, we offer more cabinets. But to our dealers and distributors we offer a lot more than cabinets. We offer more sales tools and sales aids than anybody else, as well as sophisticated business management assistance in such vital areas as inventory control and identifying new and potential customers.

Because we can't make it unless you make it.

If you're interested in building your success story right along side ours, contact Bob Meltzer or Joe Nussbaum today. But don't ask us to sharpen your mower. We're not a jack of all trades.

Just the master of one.

Triangle Pacific

Cabinet Corp

The only name you need to know in cabinetry.

Triangle Pacific Cabinet Corporation 4255 LBJ Freeway Dallas, Texas 75234 • (214) 661-2800

CIRCLE 39 ON READER SERVICE CARD

The guy who bought an $85,000 house in 1969 is buying a $120,000 house today. But don't count on his buying a $150,000 house next year

A shift is taking place in the way higher-income families budget their housing dollars. And this shift must be taken into account when you target your product to this market.

Much as we would like to believe otherwise, the controlling influence for most housing purchases is price. So we have analyzed income and employment data for 120 SMSAs (standard metropolitan statistical areas) throughout the country to determine 1) how many buyers can afford housing in a given price range, and 2) how many buyers are *likely* to purchase housing in that price range.

Budget shifts. The table below gives such a breakdown for the entire country for the over-$30,000 market—in other words, for families that earn more than $12,000. While such a general analysis cannot take the place of an analysis of a specific area, it can reveal changes in the way consumers allocate their money—changes that are beginning to show up in more and more markets.*

Column 1 shows housing prices, and column 2 shows the proportion of potential buyers in each price range during the 1960s. At that time the typical buyer bought a house costing about 2.5 times his annual income, the low-income buyer spent up to 3.5 times his income for a home (this ratio is distorted because it includes retirees with low incomes but heavy assets), and the high-income buyer bought a home costing about 1.3 to 1.8 times his annual income.

Thus, a family making $15,000 a year would typically buy a house costing around $37,000. There were a lot of $37,000 houses around in those days, which accounts for the high proportion of sales between $30,000 and $50,000—about 70%.

Today, in many parts of the country, a family making $15,000 would have to hunt like hell to find a $37,000 home. Some elect to rent until their incomes go up, but others stretch to buy more expensive homes. Thus, column 3 shows that whereas the bulk of the over-$30,000 homes sold—70%—were in the $30,000 to $50,000 price range in 1969, only 50% are in that range today; and whereas 81% of houses sold in 1969 cost less than $70,000, only 68% do today.

*Some markets—Dallas, for example—still have a plentiful supply of housing priced under $30,000 *(see p. 64)*; others, such as Chicago, New York and Southern California, have little, if anything, priced below $50,000. So the percentages discussed below are not true for all markets. Dealing with averages, after all, is a bit like sitting on a stove with your head in a refrigerator: on the average you feel pretty comfortable.

Less discretion. This means that the element of discretion as a function of income has diminished substantially over the past five years. For example, back in 1969 a family earning $30,000 could qualify for a house costing about $70,000, but it would have been much more likely to buy a $55,000 house. Now in many places that same family is buying a $70,000 home because there's nothing else for it to buy.

Column 4 shows what happens when the upper-income buyers, who used to allocate 1.3 to 1.8 times their annual incomes to housing purchases, allocate the same 2.5 times annual income as the middle-income buyer.

The under-$70,000 market accounts for the same 68% of houses sold as it did in column 3. It is only at $90,000 and over that some divergence occurs between what the market is *likely* to buy (column 3) and what it *could* buy (column 4). In other words, discretion enters the picture only for housing costing $90,000 and over—which generally means at family incomes of about $40,000.

Up to $40,000, people are spending all they can afford for housing. And if housing prices continue to inflate faster than incomes, column 3 will start to look like column 4 as even higher-income households allocate more of their budgets to housing.

Small market. At the moment, the high-income households are still spending proportionately less of their incomes for housing than middle-income households and can afford to spend more if they are willing to sacrifice to the same extent as middle-income families. This does not mean, however, that there are armies of people capable of reallocating their budgets to buy more expensive homes. U.S. Department of Commerce estimates of household income in 1974 show that only 9.5% of total families earn $25,000 or over. This is up from 3.2% in 1969, but it is still only a tiny proportion of the total market.

Still, if you look to people reducing their savings and increasing their housing expenditures, these high-income people are the only ones capable. About 7% of consumer income is saved nationally, and nearly all of it is saved by high-income families. Middle- and low-income people can't cut their savings to buy more expensive homes because they're not saving anything anyhow.

This means that while the shift in consumer budget allocations goes on for the fatter cat, the more moderate-income households will be increasingly excluded from the market and forced to rent or otherwise compromise their preferences.

Exceptions. This is not true of every market, but it is true of many. In analyzing 120 SMSAs, we found only a dozen or so where the profile of available housing stock has a lower value than people can afford—in other words, where there is a discretionary market in most price ranges.

For much of the country, however, the question is how much people are willing or able to stretch their budgets to afford new housing.

Future. There's a danger here for the homebuilder, for he may be tempted to extrapolate recent trends in the relationship between home value and household income. At the moment people are buying more expensive homes faster than we would expect because they're changing their pattern. Once that pattern is changed, however—in other words, once column 3 matches column 4—there will be no more price elasticity. The $50,000-a-year guy who was buying an $85,000 house in 1969 and is now buying a $120,000 house won't buy a $150,000 house next year. Even he is starting to reach the end of his tether.

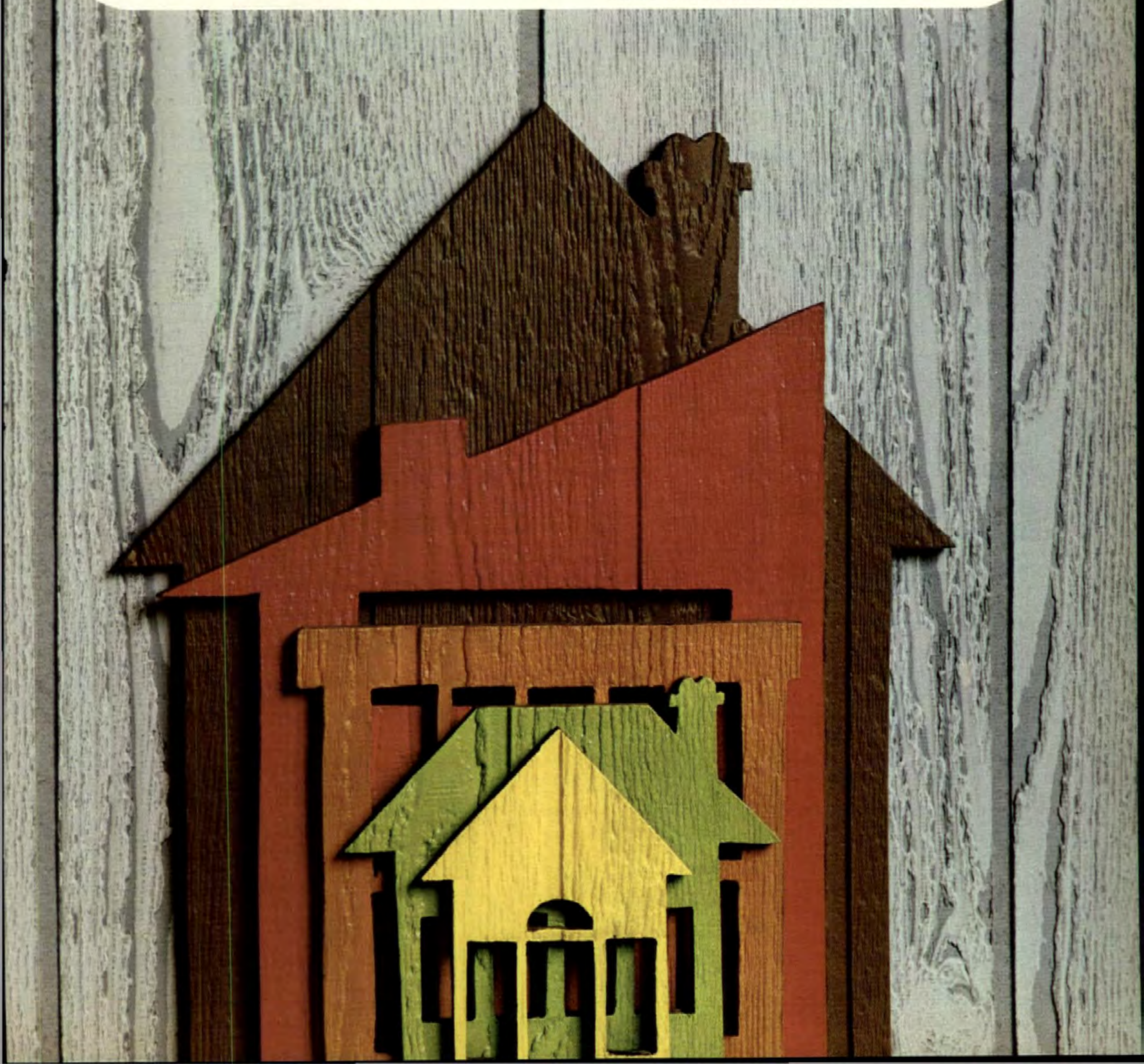
Gobar's analyses of each of the country's 120 major SMSAs, updated on a quarterly basis, will soon be available to builders and lenders under the title "House & Home Housing Demand Reports." If you are interested, write: Housing Demand Reports, House & Home, 1221 Ave. of the Americas, New York, N.Y. 10020

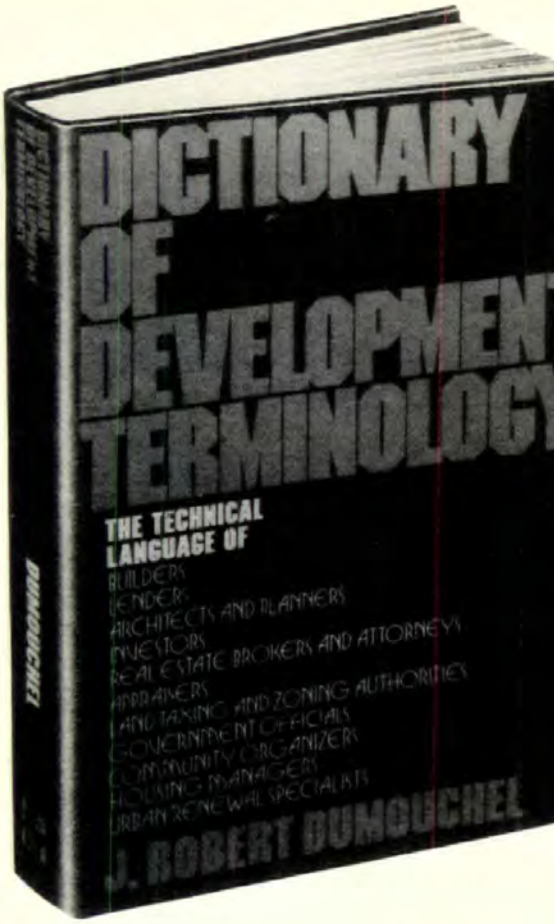
DISTRIBUTION OF TOTAL U.S. HOUSING DEMAND BY PRICE RANGE
(Only for the over-$30,000 Market)

House Price Category	Normal Market Conditions	Moderate Stress	Greater Stress
$100,000 & over	5%	8%	9%
$ 90,000 & over	7%	10%	12%
$ 80,000 & over	9%	16%	16%
$ 70,000 & over	13%	22%	22%
$ 60,000 & over	19%	32%	32%
$ 50,000 & over	30%	50%	50%
$ 30,000 & over	100%	100%	100%

Based on 1974 household income distribution and three alternative hypotheses regarding upper-income households' budget allocation. Under normal market conditions (column 2), income/home price relationships continue as they were in the 1960s. Moderate stress (column 3) shows what happens if upper-income families reallocate their budgets slightly—in other words, what they are *likely* to do. Greater stress (column 4) shows what happens if upper-income buyers spend the same proportion of their incomes for housing as middle-income buyers—in other words, what they *could* do.

ALFRED J. GOBAR, PRESIDENT, ALFRED GOBAR ASSOCIATES, INC., BREA, CALIF.





The Technical Language of Builders, Lenders, Architects and Planners, Investors, Real Estate Brokers and Attorneys, Appraisers, Land Taxing and Zoning Authorities, Government Officials, Community Organizers, Housing Managers, Urban Renewal Specialists.

J. Robert Dumouchel, Editor

278 pages $9.95

Yours to examine FREE for 10 full days!

An indispensable working tool for development practitioners and laypeople alike, this dictionary contains over 2,000 of the housing and community development industry's most frequently used terms—plus a handy alphabetical list of some 200 abbreviations and acronyms translated into simplified terms.

The definitions range from such simple real estate terms as "abstract of title" to recent statutory language introduced by the Housing and Community Development Act of 1974.

Whether you are directly or indirectly involved in development, this volume will save you hours of searching for definitions through countless textbooks, HUD regulations and policy statements, local ordinances, and federal statutes.

At your bookstore, or mail coupon below for 10-day FREE examination!

McGRAW-HILL BOOK COMPANY
1221 Avenue of the Americas, New York, N.Y. 10020

Please send me_____ copies of DICTIONARY OF DEVELOPMENT TERMINOLOGY (018105-5) for 10 days' free examination. At the end of that time I will remit $9.95 per copy, plus local tax, postage, and handling, or return the books without obligation.

EXTRA SAVINGS! Remit in full with this order, plus local tax, and McGraw-Hill pays postage and handling. If not completely satisfied, return books within 10 days for full refund.

This offer good only in the U.S. and subject to acceptance by McGraw-Hill.

Name_____

Address_____

City_____ State_____ Zip_____

☐ Check here if you would like to receive free information on other books in this field.

2/76 23K 217-4022-3

ADVERTISEMENT

Over 100 Kingsberry Men to Help Y

ALABAMA J.L. Brown, Huntsville, (205)883-1
R. Heffner, Dothan, (205)794-0834 J.R. McWat
Birmingham, (205)553-2683 K.L. Richardson, T
caloosa, (205)553-2683 G. Stanley, Gadsden, (2
546-0080 **ARKANSAS** C.R. Bates, Little Rock, (5
225-8828 **COLORADO** E. Behr, Denver, (303)757-4
W.D. Thompson, Lakewood, (303)232-4332 **C**
NECTICUT W.S. Westley, West Hartford, (2
233-7466 **FLORIDA** W.A. Ball, Jacksonville Bea
(904)399-0471 R.P. Beck, Tallahassee, (904)
0090 E.F. Grant, Boca Raton, (305)391-3275 Ly
McMahon, Ft. Myers Villas, (813)939-1239 E. Netc
Odessa, (813)920-6378 S.T. Richerson, Pensaco
(904)455-4553 J.E. Smith, Altamonte Springs, (3
869-0863 **GEORGIA** L.H. Brown, Macon, (912)7
3127 T.L. Crowder, Jr., Albany, (912)883-1771
Dodd, Atlanta, (404)256-9733 T.A. Flowers, Athe
(404)546-5300 P. Foster, Savannah, (912)897-3
J. Rowell, Marietta, (404)252-2166 **ILLINOIS**
Christensen, Belvidere, (815)543-0966 J.B. Dor
Lombard, (312)627-4376 G.V. Edwards, Sycam
(815)895-2451 M. Green, Sycamore, (815)895-4
T. Newton, LeRoy, (309)962-9704 P. Stowe, Cha
paign, (217)356-4785 **INDIANA** Judy Eikenbe
Southport, (317)787-2271 R. Francis, South Be
(219)277-0917 D. Tanner, Marion, (317)664-2
IOWA J.F. Klesack, Davenport, (319)359-1
J. Peterson, Des Moines, (513)746-1981 **KANS**
R. Namisnak, Wichita, (316)684-8837 **KENTUC**
R.A. Brown, Mayfield, (502)247-5803 W.E. Car
Paducah, (502)443-6547 J.P. Egan, Louisville, (5
239-0600 V. Rains, Mayfield, (502)247-5803
Walker, Louisa, (606)638-4243 **LOUISIANA**
Gomez, Jr., Baton Rouge, (504)926-0182 **MARYLA**
W.A. Broll, Jr., Baltimore, (301)243-6319 G.D. Ro
Silver Spring, (301)593-6681 **MASSACHUSETTS**
Real, Sturbridge, (617)347-7117 **MICHIGAN** V. Sou
well, Albion, (517)629-8080 R.J. Sheehy, St. C
Shores, (313)886-4313 W.T. Scott, Boyne C
(616)582-6694 **MINNESOTA** W. Johnson, Burnsvi
(612)894-2547 T.J. Nagel, Moorhead, (218)236-8
G.C. Sayer, Jr., Minneapolis, (612)432-6150 D. Sw
son, Apple Valley, (612)432-4441 **MISSISSIPPI** J
Kale, Jackson, (601)863-1430 **MISSOURI** D. McG
Kirksville, (816)665-8785 Z. Miller, Afton, (3
291-4600 D.L. Springer, Springfield, (417)883-3
NEBRASKA R.L. Kautz, Omaha, (402)331-0256 **N**
HAMPSHIRE R.A. Lumbert, Portsmouth, (603)4
8580 **NEW YORK** L. Blanding, Syracuse, (315)4
3333 J.T. Holmes, Rochester, (716)244-1473 S
Parisi, Wappingers Falls, (914)831-2219 **NEW JERS**
J. Buvel, Cherry Hill, (609)667-1477 H. Nad
Medford Lake, (609)654-6446 **NORTH CAROL**
J.E. Vest, Raleigh, (919)781-4445 W. Marsh
Raleigh, (919)876-5570 D. Moon, Greenville, (9
756-6850 W.M. Robertson, Wilmington, (919)7
6582 **OHIO** D. Auberger, Bolivar, (216)874-32
E. Dumas, Belpre, (614)423-7561 L. Focke, Dayt
(513)433-9896 B.L. Gourdie, Worthington, (6
888-7320 C.A. Masterson, Toledo, (419)865-7
R. Wacha, Columbus, (614)457-8581 **OKLAHOMA**
Armbruster, Oklahoma City, (404)843-3632 D
Moses, Tulsa, (918)664-1968 F.C. Wright, Yuk
(405)373-1233 **PENNSYLVANIA** R.L. Bilott, No
Huntingdon, (412)864-1463 A. Hughes, Jr., Ca
Hill, (717)761-7566 T. Murtaugh, Mountaint
(717)825-3689 J.K. Wright, Canonsburg, (412)7
2306 **SOUTH CAROLINA** A.F. Cook, Columbia, (8
772-2880 **SOUTH DAKOTA** C.W. Richardson, Sic
Falls, (605)334-0369 **TENNESSEE** R. Feher,
Hickory, (615)847-4466 Wm. Little, Memphis, (9
346-1428 **TEXAS** Bill Alexander, Corpus Chris
(512)991-8846 D.H. Carter, Plano, (214)423-8
L.P. Ferrell, Arlington, (817)261-2816 H.L. Herbe
Houston, (713)622-7575 A.C. McGehee, Sequ
(512)557-5755 A. Ray, Plano, (214)424-8328
Shields, Lubbock, (806)799-1432 F.B. Thomps
Marshall, (214)938-8776 **VIRGINIA** R.E. Eva
Roanoke, (703)774-1905 P.D. Foster, Charlottesvi
(804)293-7164 T.J. Holden, Norfolk, (804)641-7
R. Crawford, Richmond, (804)643-2765 **WEST V**
GINIA R.E. Chapman, Pt. Pleasant, (304)675-5
WISCONSIN D. Briese, Chippewa Falls, (715)7
2733 M. Erbes, Plover, (715)344-7499 LaVern Kno
Appleton, (414)731-1055 J. O'Brien, Middlet
(608)836-8490 . . . For information on Kingsbe
Men in **Maine, Vermont, Rhode Island, Delawa**
and **North Dakota**, send in the coupon in the a

HUD 235

The Kingsberry Man can help you cash in on it.

It's your chance to get into a whole new market. A market of buyers who, until now, simply couldn't afford to own their own homes. A market created by the U.S. Department of Housing and Urban Development's Revised Section 235 Homeownership Subsidy Program. Your Kingsberry Man has over 30 models that can get HUD 235 funds working for you. Every qualifying model features panelized construction, plus the design integrity and manufactured excellence found in all Kingsberry Homes. HUD 235—it's the way to get in on a vast new market. And the Kingsberry Man can help you get started just as soon as you send in the coupon.

It's all the help you can get.

KINGSBERRY HOMES

Boise Cascade
Manufactured Housing Division/Eastern Operations

Frank D. Carter, Director-Marketing
Kingsberry Homes Dept. HH26
61 Perimeter Park, Atlanta, Georgia 30341,
(404) 455-6161

Name

Firm

Address

City State

Zip Phone

Lots ready to build on:
☐ None, ☐ 1-10, ☐ 11-25, ☐ 26-50

Units built in past year:
☐ None, ☐ 1-10, ☐ 11-25, ☐ 26-50
☐ Single Fam. ☐ Multi-Fam. ☐ Vac.

Kingsberry Homes are distributed throughout a 38 state area of the Mid-West, Mid-Atlantic, Southeast, Southwest and New England states from plants located in Alabama, Iowa, Oklahoma, Pennsylvania and Virginia.

CIRCLE 43 ON READER SERVICE CARD

Foreclosures by trigger-happy lenders won't get housing construction moving again

Generally unnoticed amid the handwringing over the plight of yesterday's construction lenders are the battles being waged over hundred of excellent real estate projects. Some highly experienced developers are being cast as villains as this real estate recession winds down. This final act is being played out even as money flowing into the S&Ls is nudging housing starts upward.

The scenario is familiar. A developer with a record of success overstepped himself during the glory days of 1972-73 and devoted his energies and talent to a project whose market disappeared.

A Southern developer is typical. He went into office buildings in addition to condos and single-families, his specialties. His office buildings are now renting slowly but, at current rates, the space will be filled in 12 to 15 months. His medium-priced condos are selling slowly but surely, and everything seems to be going in the developer's direction except a high-priced residential project. In the heady financial atmosphere of 1972 he committed to develop a tract of about 20 lots, and he planned to sell the lots in the $150,000 range. But by the time development work was done, the market had disappeared. He was left with a $3-million construction loan and no visible customers.

To and fro with the bank. The lending bank has temporized, suggesting that the builder sell his other assets to repay the loan. The builder in turn has proposed that the bank cut its interest rates and advance enough funds to let the developer build single-family houses in the $450,000 price range *on spec* to generate enough cash to repay the loan.

"Sooner or later they'll probably try to foreclose and then I'll have to file bankruptcy proceedings to protect myself," says the developer.

"But if they try to take away any hope I have of making profit, then I have the right to fight them with everything I have."

Value of restraint. The point made by this developer is seldom appreciated by lenders. Failure to consider it leads to grievous error, especially at a time when most weak builders and projects have already been foreclosed. The foreclosures have left many strong and experienced builders and developers snarled in ill-fated projects, and they have usually given personal guaranties to their construction lenders. What keeps them going long after any significant profit has been squeezed from a project is the hope they can maintain their credit standing and preserve assets accumulated over long careers.

Most lenders say that, as a matter of course, they will work with a project's original developer as long as they are convinced that he is trying to bring the project to completion. That's the standard line. But a sharp rise in litigation, particularly involving borrowers from REITs, now indicates that many REITs have decided to hit the foreclosure trail with a vengeance. It's impossible to judge merits of these incidents from a distance but the ferment we see inside the staffs of REITs and banks points toward fatigue and inexperience as factors as responsible for the foreclosure increase.

Failure in Florida. One illustration from a recreation-oriented resort project in Florida's panhandle will suffice. The builder originally proposed building about 250 units but the REIT involved said the project would be too small for its standards. So he resubmitted it as a 2,000-unit PUD and won a loan approval. Construction began on the first 200 units of condos and on a golf course and club house. This was all impressive enough to attract Alabama Football Coach Bear Bryant, a local hero, to the opening. By the time it was apparent that initial costs were far over budget, the developer had seen nearly a dozen different REIT executives come and go as his loan officers.

The REIT men, for their part, were incensed that the builder somehow still managed to operate a Lear jet, and they vowed to stop funding till sales of the first units improved. A new marketing plan was begun in the disastrous summer of 1974, but a new management team decided to begin foreclosure at summer's end. Because the developer is well known locally, he has succeeded in tying up the project in court for 1½ years.

Spreading foreclosures. We hear that the Florida scenario is being repeated as new and tougher managements take over in lending institutions and vow to take the lenders' traditional remedy—foreclosure. Developers call these foreclosures the worst actions of trigger-happy lenders in a generation.

One other fear is gnawing at developers: that troubled lenders won't be able to complete funding agreements and so will leave projects in mid-stream. This fear is deeply ingrained among developers who've borrowed from the largest and most troubled construction-lending REITs. Most such REITs remain in business solely through the indulgence of their line banks. If any hitch develops in the funding of these lines—and recently some Eurodollar lenders have turned on pressure to upset the lines—the REIT could be forced into bankruptcy itself.

Loan swaps as solution. The best response for builder-developers has been to arrange swaps of their loans and commitments to banks themselves. Under swap plans, REIT loans are swapped at par to a REIT's lending banks in return for cancellation of the line of credit. Two developers of strong projects have just succeeded in having groups of banks take over funding of their loans from a major troubled REIT, Continental Mortgage Investors. Thus, while swaps have been thought of as a device to relieve pressure on the REITs involved, they are becoming a technique for rescuing builders. They will probably be used more frequently to support projects now funded by the REITs.

But swapping the funding commitment from a REIT to a bank is only the first step in getting a sound project back on track. What the bank does next is crucial. We are told by developers that major money-center banks tend to be less responsive to restructuring of debt than smaller regional banks. This probably is because the large banks have a tradition of treating most real estate construction loans as credit loans—i.e., as paper to be funded from a permanent loan—while smaller banks tend to understand the reality of the underlying real estate and to structure loans accordingly.

Toward an orderly recovery. Today's real estate problems won't be solved as long as builders and lenders remain at sword's point over foreclosure and bankruptcy. Work-out time will be stretched out to everyone's detriment if lenders insist on sapping the equity base of some of the nation's most experienced real estate and housing men. Such action amounts to a policy of dismantling many major developer organizations—a process that would delay any recovery indefinitely. A realistic workout requires focusing upon the real estate—instead of pieces of paper.

KENNETH D. CAMPBELL, AUDIT INVESTMENT RESEARCH INC., NEW YORK, N.Y.


HOW A JENN AIR OPEN HOUSE CAN CLOSE THE SALE.
Model Host
Throw a Jenn Air open house. And make it a blockbuster. We'll train a host or hostess to demonstrate the Jenn Air Grill-Range to your weekend crowds. Someone to show how Jenn Air's self-vent keeps even sizzly sausage from spattering. And how Jenn Air can change its top from grill to griddle and much more. Keep your open house going weekdays as well, with continuous Jenn Air showings on our LaBelle projector.
If the open house sounds good, wait 'til you hear about the rest of our "Ground-Up" program. It'll help you draw up a house plan that'll draw up a sale.
For more information, send this coupon to Jenn Air Corporation, 3035 Shadeland, Indianapolis, Indiana 46226.
Name
Title
Company name
Address
City State Zip
Phone:
JENN AIR GRILL-RANGE

BASIC CAN BE BEAUTIFUL AND SELL LIKE BLAZES.

Make small look big!

An Andersen® Gliding Door brings the whole outside world into a room. Creates a feeling of spaciousness . . . adds the charm and elegance of rich, warm interior wood trim that can be stained or painted to match any decor.

Add interest outside, spaciousness inside!

Be a little unconventional in your window planning with Andersen Perma-Shield® Angle Bay or Bow

/indows in a variety of styles nd sizes. Create a difference that ays off in sales appeal.

Build in fuel savings!

:nergy costs are top-of-mind /ith home-buying prospects nese days. So they'll appreciate

he fuel-saving properties Ander- en Windows and Gliding Doors re famous for. Partly the result f wood and double-pane insulat- ng glass. Plus a snug-fitting esign that's two times more /eathertight than recognized ir-infiltration standards.

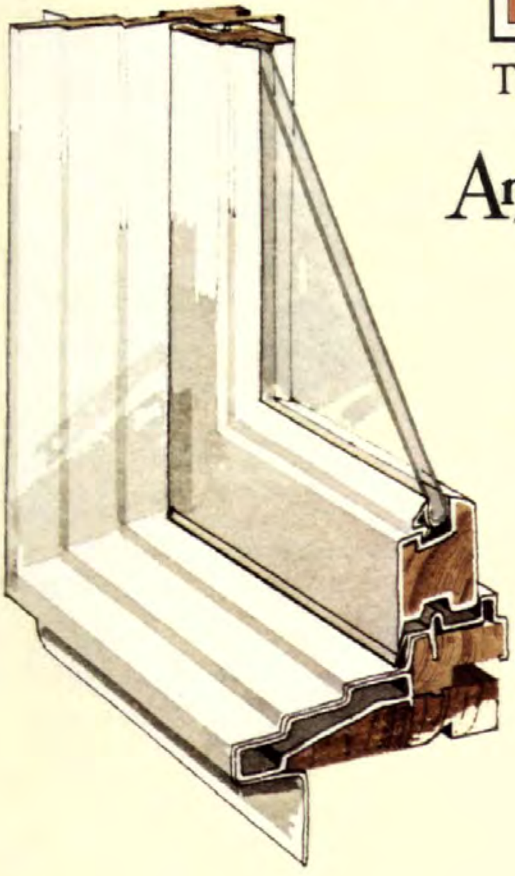
Finish it off with a flair!

Andersen Perma-Shield Shutters . . a beautiful finishing touch to

a quality-built home. Built to Andersen quality standards. No painting. Sturdy. Lightweight. Vacuum formed vinyl sheath with the look of painted wood.

Put an end to window pains!

When you install vinyl-clad Andersen Perma-Shield Windows with double-pane insulating glass, you give yourself the selling power of a virtually no-maintenance product. Long life rigid vinyl* that won't crack, chip or peel. Won't rust, pit or corrode. No storm windows to bother with. And it costs you no more to install than ordinary windows.



Give it a symbol of the quality you've put in!

The Andersen Windowalls® label not only tells homebuyers you've installed quality *windows,* it's a positive first sign of the quality construction throughout your basic home. Let it work for you. Let it prove to homebuyers that basic *can* be beautiful.

AW®

The beautiful way to sell homes.

Andersen® Windowalls®
ANDERSEN CORPORATION BAYPORT, MINNESOTA 55003

*Perma-Shield white available in four window styles and gliding doors. Terratone color available only with Perma-Shield Casement and Awning Windows. Sash exterior of double-hung window has a weather-resistant, long-lasting polyurea finish. Frame is Perma-Shield rigid vinyl.

Eichlers that meet thermal regs
H&H: Your November story about Eichler homes becoming extinct because of California's new energy-saving limitations on window area isn't true. We're still designing custom Eichlers for northern California buyers. We retain our glass walls and still meet the new thermal specs by adding some double glazing.

Contrary to Al Eichler's statement that the new thermal regs effectively eliminate exposed-deck ceilings by requiring a false ceiling with space for four inches of insulation, we get approval for exposed-deck ceilings by adding an extra half-inch of Celotex insulation and a half-inch of plywood.

Altogether, the extras don't increase square footage costs significantly in the higher price ranges, and certainly not enough to discourage buyers.

CLAUDE OAKLAND, architect
San Francisco

Not down on housing's prospects
H&H: Your report of the Whirlpool Builder's Roundtable [H&H, Dec.] paints my viewpoints in too negative a light.

I do not see an end to industrial corporate participation in housing. I only reflect that a large national homebuilder is not likely again to become an industry force. There will be much future, I think, for large regional developers such as Ryan, Lennar and Shapell.

Furthermore, I am not down on the prospects for pension fund investment in housing. I urge only that the mortgage is not a sufficiently liquid or uniform instrument to attract investment by the funds. Mortgage-backed securities, however, will become, I believe, attractive to pension funds.

The article makes me out to seem a "heavy". I'm really very optimistic about housing's prospects.

RICHARD L. WEISS
Beverly Hills, Calif.

Reader Weiss is former president of the Larwin Group—ED.

Slow growth in San Diego
H&H: Your article on the recent mayoralty election in San Diego [H&H, Nov.] was extremely well written. As the loser in that race, I was impressed with your sincere effort not to slant the main issue [slow growth]. Your story points out the reduction in San Diego's annual housing production from 19,700 units in 1971 to about 2,700 in 1975 . . . We are now on the edge of a 1% vacancy factor. Rental rates, housing prices and shelter costs are out of sight! San Diego is now forcing minorities and senior citizens out of the very housing we tried for so long to provide for them . . . A no-growth administration can only be detrimental to most of these people.

LEE HUBBARD, Councilman
San Diego, Calif.

CIRCLE 50 ON READER SERVICE CARD

A House&Home seminar

CUTTING THE COST OF THE SINGLE-FAMILY HOUSE

WASHINGTON, D.C., MARCH 15-16
CHICAGO, APRIL 5-6
LOS ANGELES, MAY 10-11

A House&Home seminar: Two days o[illegible]

CUTTING THE COS[T] [...] SINGLE

Single-family isn't just the biggest housing market in the country today; in many areas it's virtually the only market.

While condo and apartment construction was all but stopped by the slump, single-family has kept right on moving. Best estimates are that from 70% to 80% of all units built in 1976 will be single-family houses.

So single-family is fast becoming a brutally competitive market.

There are only so many buyers out there. And they're being fought over not just by long-established single-family builders but also by condo and apartment builders who are switching to single-family to stay alive.

Meanwhile, single-family costs keep right on rising.

And every time they take another jump, the market gets smaller and the difficulties of selling it get bigger.

So every penny you can cut from your costs means a bigger market, an easier-to-sell market, and healthier profits.

That's why you should attend this seminar.

You'll learn . . .

How much you can save by building just the right product for the right market

How much you can save with site planning that minimizes development costs

How much can you save by designing your hous[e] for maximum construction efficiency

How much you can save through tight control of the total construction process

You'll get the answer to key questions like these:

In market planning . . .

For the low-priced market, which features can be left out without turning off the buyer

For the trade-up market, what the buyer wants most . . . space or amenities

For the luxury market, what amenities really count as luxuries and which ones merely drive up the cost of the house

How you can sell a house without a dining room . . . living room . . . second bath . . . garage

How to discover what extras your particular market does—and does not—want

In construction design . . .

How much you can really save by leaving out the basement

What can be done in designing a house to offset the spiraling costs of building materials

Why trusses may not be as economical as most people think they are

How to "store" labor during inclement weather

How your system can be geared to getting houses built in the shortest possible time and thus save interest costs

In cost control . . .

How your building cont[r] can protect you from cost ove[r]

How to tell whether the lowest bid is really a cost-cu[t]

How to use purchase or[d] and accounting procedures [t] monitor and control your fie[l] costs

How to determine just w[h] your jobs stand at the end of each day—and without a lot [o] paperwork

How to handle extras an[d] change orders

What you can do to spee[d] the sales and closing process and thus save yourself hund[r] of dollars per house

In site planning and development . . .

How to evaluate a site o[n] basis of its real capacity, not just its price

How to tell whether byp[a] land is a bargain or a white elephant

Why a cluster plan can s[ave] as much as 25% to 30% in development costs

How to eliminate curbs, gutters, sidewalks and storm drains

How to persuade the tow[n] government to accept your cost-saving techniques dy in...

F THE
AMILY HOUSE

u'll work with these experts ...

nneth W. Agid is Direc-
of Residential Marketing
The Irvine Co. of Orange
unty, California. In this
acity he is responsible
a marketing program
ch has produced annual
s of more than 1,500
s, ranging in price from
000 to $200,000 and
ued at better than $100
ion. He is recognized
ticularly as an innovator
reating houses with
ng appeal to specific
ments of the market.
r. Agid was formerly an
ount executive with
ford R. Goodkin Research
p. He is currently a vice
sident of the Orange
unty Chapter of the Build-
Industry Association
es and Marketing Council.

John Rahenkamp is President of Rahenkamp, Sachs Wells & Assoc., one of the country's best-known planning firms in the areas of lowering development costs through the application of sound ecological principles, and dealing successfully with municipalities in obtaining the appropriate zoning. His firm's clients include major housing producers, and several of their projects have been featured in HOUSE & HOME.

Mr. Rahenkamp, with his partners, has also been a columnist for HOUSE & HOME for several years. He is a member of both the American Institute of Planners and the American Society of Landscape Architects.

James A. Downie is an industrial engineer with broad experience in residential house construction. While with the Stanley Works, he was a prime mover in the famed Project TAMAP which pioneered in cutting construction costs through time and motion studies. Mr. Downie also worked with Bob Schmitt Homes and Achenback Realty Corp. as an industrial engineer, and with General Electric Co. as manager of that company's modular housing manufacturing facility.

A native of Scotland, Mr. Downie is a graduate of the Royal College of Science and Technology.

Dan Keiserman is President of Horizon National Corp. of Brea, Calif., a diversified development company that in recent years has built more than 2,000 single-family houses in addition to apartment and commercial properties. Mr. Keiserman was formerly the founder and president of Heritage Construction Corp., which was at one time the seventh largest single-family homebuilder in the country. With operations in as many as ten different locations at one time, he has developed a construction system based on standard paperwork that provides both initial and ongoing control, and red-flags cost problems within days rather than the usual weeks or months.

Seminar Director:
Maxwell C. Huntoon, Jr.,
Managing Editor,
of **House & Home**

ashington, D.C. March 15-16 Crystal City Marriott Hotel
hicago, April 5-6 Marriott Hotel
os Angeles, May 10-11 Marriott Hotel

A House&Home seminar

CUTTING THE COST OF THE SINGLE-FAMILY HOUSE

Seminar Registration

To register, please complete and return the coupon below to House & Home, McGraw-Hill, Inc., 1221 Avenue of the Americas, N.Y., N.Y. 10020. Or you may register by calling (212) 997-6692. Registration must be made in advance of the seminars. All registrations will be confirmed by mail.

Seminar Fee

The full registration fee is payable in advance and includes the cost of all luncheons, workbooks, and meeting materials. $395.

Seminar Hours

Registration starts at 8 a.m. Sessions are 9 a.m. to 5 p.m., with informal discussions to 6 p.m.

Hotel Reservations

While House & Home does not make individual reservations for seminar participants, we have arranged with the Marriott Hotels in Washington, Chicago and Los Angeles, to hold a limited block of rooms for the use of attendees. You can reserve your room at any of the Marriott Hotels by phoning (800) 228-9290.

Please be sure to say that you are attending the House & Home seminar. This will identify your reservation with the block of reserved rooms, and assure you of the special seminar rate.

Cancellations, Refunds and Transfers

Registrations may be cancelled without charge up to five working days before the semin[ar] date. Registrations cancelled later than this are subject to a $ service charge. Substitutions of attendees may be made at any time. Registrations may be transferred with full credit to a later seminar any time prior to the original seminar date.

Tax Deduction of Expense[s]

An income tax deduction is allowed for expense of educati[on] (includes registration fees, trav[el,] meals, lodgings) undertaken to maintain and improve professional skill. See Treasury regulation 1.162-5 Coughlin vs. Commissioner 203F. 2d 307.

House & Home
McGraw-Hill, Inc.
1221 Avenue of the Americas
N.Y., N.Y. 10020

Gentlemen: Please register me in the CUTTING THE COST OF THE SINGLE-FAMILY HOUSE seminar checked below.

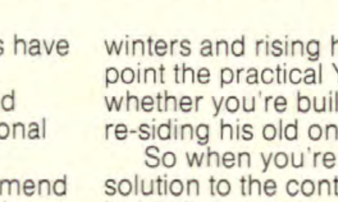
- ☐ Washington, D.C., March 15-16 Crystal City Marriott Hotel
- ☐ Chicago, April 5-6 Marriott Hotel
- ☐ Los Angeles, May 10-11 Marriott Hotel
- ☐ Check payable to House & Home enclosed
- ☐ Bill my company ☐ Bill me

Name ______
Title ______
Company ______
Address ______
City ______ State ______ Zip ______
Phone ______
Signature ______

Additional registrations from my company:

Name ______
Title ______
Name ______
Title ______

2/76



CERTIGRADE
Red Cedar
SHINGLES
ON ALL GRADES

to help you recover lost ground in 1976:

all-new marketing intelligence on the nation's most active builders

in the workbook that gives you ready contact with 3,000 key executives at over 1,000 locations in all 50 states

To recover lost ground in 1976, you need all the help you can *get*. The Blue Book of Major Homebuilders gives you all the help you *need* with all-new marketing intelligence on your best possible prospects, customers and clients.

The Blue Book tells you *who* they are, *what* they're building, *where* they're building, *how* they're building—and all you need to know to serve them best.

The new Major Builder Index pinpoints any major builders you're looking for. The new State Selector guides you straight to any state for major builders you *should* be looking for. And page-by-page Market Tabs locate major builders you want to know in any City or Metro area.

But names alone are not enough. The Blue Book gives you telephone numbers and addresses of key executives both at headquarters *and* branch offices.

Still not enough when you need to know what these important prospects are thinking and doing. That's why The Blue Book also fills you in on their construction methods . . . areas of operation . . . type of organization . . . single- and multi-family production in the last four years, plus plans for 1976 . . . sales prices and rental ranges . . . participation in government housing programs . . . other business activities and sources of income. *Even more:* their land requirements, money requirements and sources of financing.

With The Blue Book in your hands, you're now ready to talk business with the nation's most active builders. Contact! *Call up, call on* or *write to* these heavy users of building products, materials, services and equipment for a deal that helps both you *and* them to make up for lost ground in the past two years.

The Blue Book of Major Homebuilders is not a book to read. It's a *workbook* to use for profit. It's a nationwide research report organized and packaged to provide ready contact with some 3,000 key executives at 1,000 building locations in all 50 states. It's the problem-solver you need to save wasted time and effort—no less aggravation—of trying to contact builders turned over and out by the disastrous upheaval of the past two years.

Your best bet is the National Edition offering a complete collection of all the major homebuilders possible to locate during many months of extensive, expensive research packaged for easy use. But if your interests focus on one or two regions, The Blue Book offers four regional editions to accommodate your need to know who's who and what's what:

1) NORTHEAST EDITION covering 12 states and D.C. Me., N.H., R.I., Vt., Conn., Mass., N.J., N.Y., Pa., Del., Md., Va. and District of Columbia.
2) SOUTH EDITION covering 12 states. Texas, Okla., Ark., La., Ky., Tenn., Miss., N.C., S.C., Ga., Ala. and Florida.
3) MIDWEST EDITION covering 13 states. Ohio, W.Va. Mich., Ind., Wisc., Ill., Minn., Iowa, Mo., N.D., S.D., Neb. and Kansas.
4) WEST EDITION covering 13 states. Alaska, Hawaii, Cal., Wash., Oreg., Idaho, Nev., Utah, Ariz., Mont., Wyo., Colo. and New Mexico.

There are well over 50 profitable wasy to use The Blue Book. But one good contact is all you need to repay your tax-deductible investment in the 1976 Blue Book of Major Homebuilders—now available through the order blank below.

YES! **SHIP 1976 BLUE BOOK AS INDICATED BELOW**

THE BLUE BOOK OF MAJOR HOMEBUILDERS·
CMR Associates, Inc.
2152 DEFENSE HIGHWAY
CROFTON, MARYLAND 21113

☐ Bill me ☐ Bill firm
☐ Payment enclosed to save postage & shipping charge

Enclosed is my check (or money order) for $ ____ payable to CMR Associates, Inc. Book(s) to be shipped prepaid with guarantee of full satisfaction or 15-day full refund privilege on return of Blue Book.

☐ National Edition (No. of copies ____)$94.50
☐ Northeast Edition (No. of copies ____)$34.50
☐ Midwest Edition (No. of copies ____)$34.50
☐ South Edition (No. of copies ____)$34.50
☐ West Edition (No. of copies ____)$34.50

NAME ____ TITLE ____

FIRM ____

ADDRESS ____

CITY ____

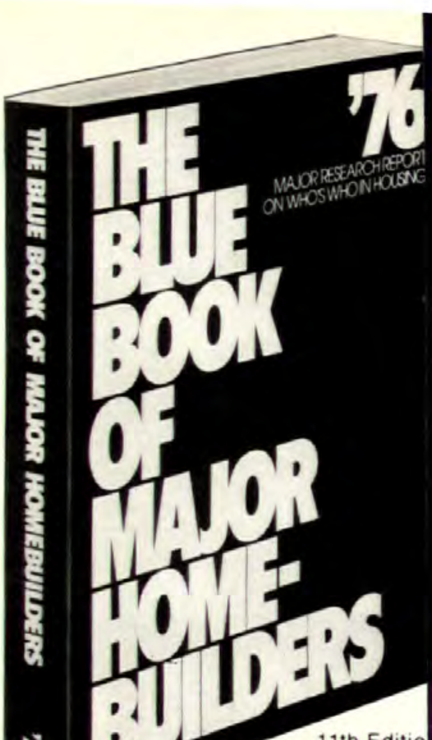
STATE ____ ZIP ____

Please Check One:

☐ Builder	☐ Architects
☐ Manufacturer	☐ Subcontractor
☐ Ad Agency/Consultant	☐ Realty
☐ Finance	☐ Ind/Commercial
☐ Library	☐ Government
☐ Bld Matrls Sales Distrib.	☐ Other

A TAX-DEDUCTIBLE BUSINESS EXPENSE

HH-2/76



11th Editio
Over 500 Pag
Size 8½" x 1
Tax-Deductib

50 good ways to use the Blue Book

Building Product Suppliers

Develop sales leads on key accounts
Pre-qualify prospective customers
Estimate quantities of products used
Cross-check salesmen's accounts
Increase the number of accounts by territory
Target productive calls for salesmen
Support regional sales managers
Make public relations calls on builders
Introduce new products and materials
Select sample areas for market research
Encourage dealers, distributors & salesmen
Prepare direct mailings
Survey product use
Keep marketing managers informed

Architects & Engineers

Market your professional services
Locate Blue Chip developers by city
Evaluate the status of prospective clients
Determine a builder's housing mix

Builders & Contractors

Demonstrate your standing in the industry
Judge the performance of competitors
Compare operations in your peer group
Check the movement of key personnel
Pinpoint activity in specific markets
Spot trends in major Metro areas
Acquire timely statistical market data

Planners & Consultants

Provide clients with timely marketing data
Questionnaire key people in key firms
Keep a finger on the Pulse of the market
Make sound marketing and management decisions
Detect market patterns and trends
Save big money on your research budget
Get comprehensive statistics unavailable elsewhere

Realtors & Developers

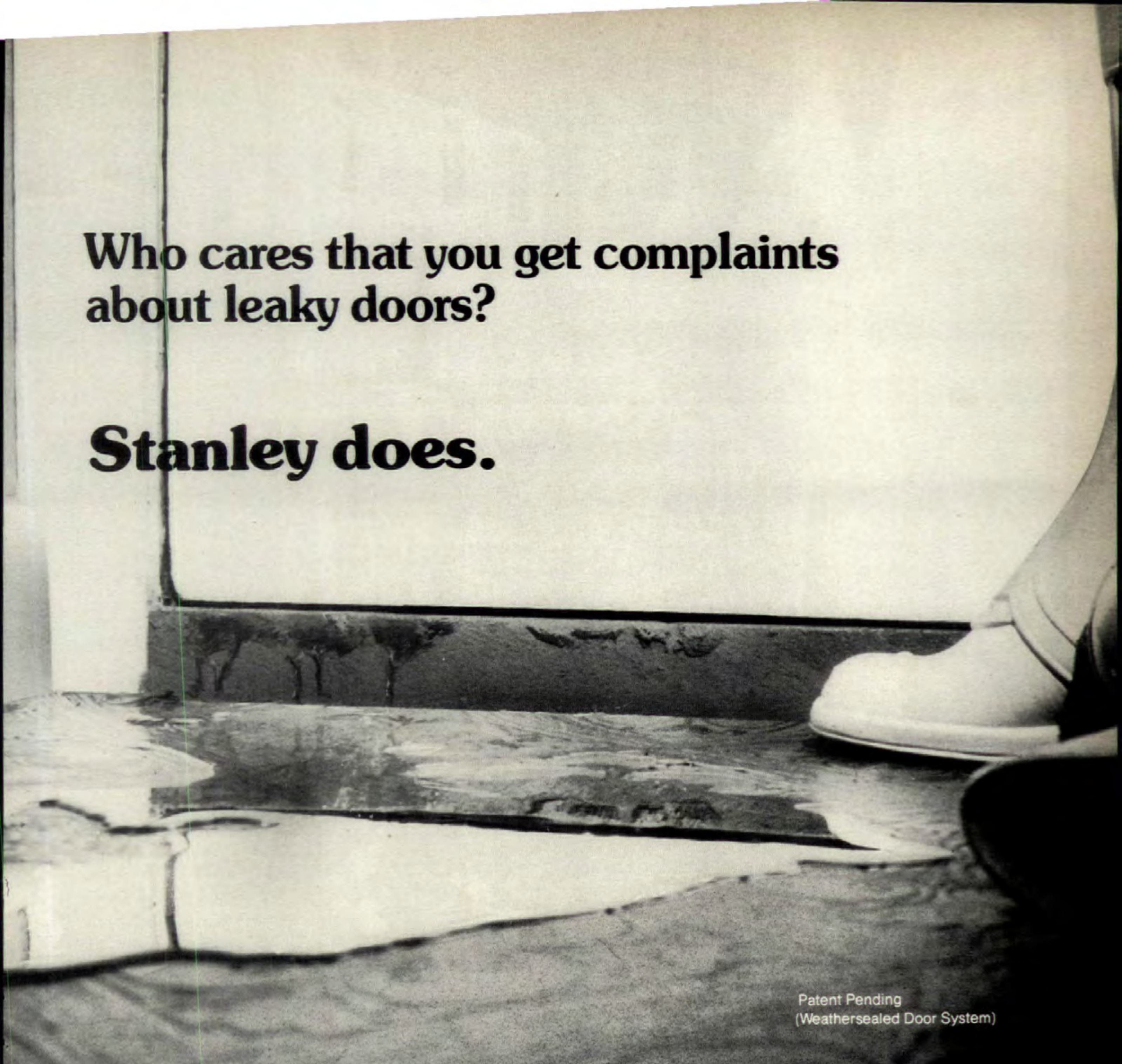
Select companies interested in development
Locate joint venture partners
Spot multi-family builders
Locate potential land buyers in Metro areas
Find successful builders for current projects
Estimate land requirements by type of construction
Contact potential clients for services

Investors & Lenders

Discover companies previously unknown
Develop new target accounts for services
Sell real estate to major builders
Learn names of key executives
Appraise company stength in the market

Double-check names for credit purposes
Measure market penetration
Find acquisitions
Judge strength of earnings & level of operations
Implement bonding program for builders
Isolate multi-family operations
Define commercial/industrial activities

CIRCLE 56 ON READER SERVICE CARD



It isn't any secret that warped, leaky doors are among a builder's most common complaints. That's why we've invested literally thousands of man hours and dollars developing a system for our metal clad doors to resolve the problem. And when we knew the system was ready, we submitted it to an independent laboratory for tests based on ASTM #283 for high velocity winds and ASTM #331 for infiltration of water. The doors passed these tests by a wide margin, proving conclusively, that when properly installed, our new system provides an effective seal against wind and/or rain on both single and double doors . . . and we believe it is the best system you can buy today.

So, if you're tired of getting complaints about leaky doors, call or write today about our new weathersealed door system. Stanley Door Systems, Division of The Stanley Works, 2400 East Lincoln Road, Birmingham, Michigan 48012.

STANLEY®

helps you do things right

Great Doors for All American Homes™

CIRCLE 57 ON READER SERVICE CARD

If he's one of the 140 Whirlpool builder territory managers, you can bank on it. For some very good reasons.

For starters, he *knows* the builder business and the problems you face in coping with the multiple housing industry crisis. And the importance of prompt handling, scheduling . . . and personal follow-through until on-time, at-site delivery is assured. To help you make it happen on the bottom line.

What's more, to paraphrase that long-running Broadway smash musical, he's got to *know the territory,* your territory. He *has to,* or he wouldn't be calling on you for Whirlpool. (If he's just another order taker, who needs him?)

One of the ways we make sure he's more than that, is by sending him through one of our Builder Seminars, conducted through the facilities of our ultra-modern Whirlpool Educational Center opened in 1963.

Here, builder territory managers from all over the country may participate in training programs to bone up on what's new in literally every phase of the building business. National, regional and local marketing trends and projections, Builder financing, merchandising, kitchen planning and Consulting Services, to name just a few.

All this, in addition to a thorough briefing on all our product lines . . . plus the post-sale peace of mind services Whirlpool offers, to help relieve you of service headaches after you turn over the keys.

The end result of these fact-filled, shirtsleeve sessions? Better-trained, builder-oriented territory managers who can and want to offer helpful counsel and earn your respect . . . both before and after they ask for your order for Whirlpool quality home appliances.

A call to your Whirlpool Distributor will bring one of these men you can bank on, in a hurry. (But only when your schedule permits. We know what your time is worth!)

Ask about
Help where it counts
Whirlpool Distributor pre-sale and post-sale services.

Whirlpool CORPORATION

We believe quality can be beautiful

CIRCLE 58 ON READER SERVICE CARD

SINGLE FAMILY:
Stop thinking basic house, start thinking basic market

Ever since single-family emerged as the only relatively crunch-proof market, the so-called basic house has been getting most of the headlines. The idea seems to be that if you reduce the house to a minimum-sized box and strip it of all its amenities, sales will soar and boom times will return to homebuilding.

This has an unpleasantly familiar ring. It sounds like the same kind of oversimplification that during the past six years led to deep trouble in both the rental housing and condo markets.

So in preparing this issue HOUSE & HOME's editors turned to four experts whose businesses depend on accurate judgment of the housing market: Kenneth Agid, residential marketing director of the giant Irvine Co.; George Fulton, marketing vice president of Walker & Lee, the largest new-home realty firm in the country; William Mitchell, president of Market Profiles, a comprehensive marketing company, and Alfred Gobar, president of Alfred Gobar Associates, one of the most respected market research firms in the country.

The experts agreed on a fundamental point:

Single family isn't a market—it's three markets

Specifically:

The price-sensitive market, which is just what its name says it is. This is potentially the biggest single-family market, but also the one most vulnerable to rising construction costs.

The discretionary market, made up chiefly of trade-up buyers. This is a tricky market, but right now it's the strongest of the three.

The luxury market. Price is not much of a factor here, but the size of the market is limited and the buyers are discriminating and demanding.

These markets are not delineated so much by price—for example, the same house that costs $25,000 in Alabama will cost nearly $40,000 in Orange County, Calif.—as by the characteristics of the buyers. Moreover, within the three basic markets there are subcategories that also have their own special characteristics.

On the following 20 pages, you will find the experts' analysis of the three markets; outstanding examples of houses built for these markets; and, finally, a report on how some of the country's most successful single-family builders are coping with their particular markets.

Let's take a look at the three basic single-family markets

The price-sensitive market includes two groups of buyers

First, there are the young professionals. They're strapped for cash because they're just beginning their careers. But they know they'll be making much more money in a few years.

Then there are the static-income buyers—blue-collar workers and municipal employees who can look forward to cost-of-living raises, but no great jump in income.

Rising property taxes and construction costs have made it hard for both of these groups to afford a home. "We know a builder who has to sell just about every house five times before the lender qualifies a buyer," says Al Gobar. "This situation is beginning to show up in a number of markets around the country."

And George Fulton points to a recent Walker & Lee survey that showed that, typically, price-sensitive buyers have to double their current monthly shelter payments—from 15% of gross income to as much as 32%—to buy a new home today.

The discretionary market consists of families who already own homes

They are under no great pressure to move, and luring them out of their present homes is a real challenge for it often means doubling their monthly payments. In the subdivision surveyed by Walker & Lee, for example, the discretionary buyers had upped their monthly payments from 12% of gross income to 27%.

"High-income households are allocating more of their income to housing than ever before," says Gobar. He points out that as recently as 1970, a family making $50,000 a year would typically spend only 1.7 times its income for a house, while a family making $25,000 would spend 2.3 times income. Now they're both spending 2.3 times income.

Gobar's national statistics are borne out by Walker & Lee's buyer profiles. Discretionary buyers bought homes priced at 2.6 times the husband's income or 2.5 times family income; price-sensitive buyers bought homes costing 2.6 times the husband's income or 2.1 times family income.

So today's discretionary buyers must often make the same sacrifices—fewer luxuries, cars, vacations, etc.—that price-sensitive buyers have traditionally made to buy a new home. And often a family can afford to move up only if the wife goes to work.

The luxury market doesn't have to make any sacrifices

These buyers can afford to wait around until they find just what they want, and then buy it. Bill Mitchell likes to compare the luxury buyer to a 1,000-lb gorilla—he sits where he wants to.

It's important to remember that there's no inherent market here, he says. The demand has to be created, and it's dependent on a unique, even flamboyant product plus effective promotion.

Also there's a danger that too many builders will jump into this market at the same time. It's not very large, and can easily be overbuilt.

You have to know what turns these three markets on

The luxury buyer is turned on by more and more

So you keep adding features—and they'll differ in different parts of the country—until you create the right feeling of exclusivity. Within reason, the higher the price the better; image is what the luxury buyer is after.

The price-sensitive buyer is just the opposite

Price is the determining factor. So you keep subtracting things from the house until you reach the point of market resistance.

Both groups of price-sensitive buyers—the young professionals and the static-incomes—are willing to make sacrifices in such things as lot size, extra bathrooms and appliances.

But what may be a basic house for a static-income family may not be a basic house for a young professional. Static-income buyers fear they will soon be priced out of the market altogether, and thus are willing to make great sacrifices to buy a home now. The young professionals, on the other hand, would prefer to stay in an apartment until they can afford what they want, rather than settle for housing that's not up to their standards.

It's particularly important to the young professionals that they live among people like themselves. Nor will they compromise on community amenities, such as schools and recreation. That's why in Orange County, for example, which has a high concentration of young professionals because of the types of job opportunities available, the lowest-priced homes are the slowest sellers.

Potentially, the price-sensitive market is the largest. A substantial part of the demand, however, cannot be satisfied under today's conditions.

"It will take major changes in such areas as consumer expectations, financing methods and dependence on the automobile," says Ken Agid, "before much of the low-end demand can be satisfied."

Agid does not see the stripped-down house as a viable long-range solution to housing the price-sensitive market. "In some parts of the country even the stripped-down house is edging towards $50,000," he says. "And there's only so much you can cut out before you're down to the point where you no longer have a salable commodity."

Agid also cautions against trying to compete with existing housing stock.

"You can't build a new $30,000 house with all the features a buyer can get in a used $30,000 house," he says. "But if you pull someone out of a $30,000 home and put him into a $45,000 home, you have sold a new home to a discretionary buyer, and you've put a low-priced home on the market."

And what about the discretionary buyer?

The discretionary buyer is looking for something better

He may want a new home because he's gotten a higher-status job, is making more money or has had more children.

But unless he's a transferee, he isn't pressed to buy. And, if you can't convince him that what you're offering is not only better as well as newer than his present home, he's a prime candidate for a remodeling job.

Before the advent of planned communities it was easier to lure the discretionary buyer into a new home. Then, most people lived in tract housing and there was a degree of social and functional obsolescence built into the typical 1950's tract house.

"Also, people were always worrying that an apartment house or industrial complex or supermarket could open across the street. So they were anxious to get into a more stable residential environment," says Mitchell.

But as more planned communities sprang up and single-family design became more sophisticated, this all changed. So it's harder to get people to move, especially in the face of today's high interest rates.

Still, the existing homeowner with inflated equity in his present house is today's best prospect for a new home. That's why . . .

You've got to make the discretionary buyer disenchanted with what he's got

"Make the weakest area in his present home the strongest area in yours," says Agid. As a start, he suggests going on some of the house tours offered by the local Real Estate Board to see how the trade-up prospect currently lives. Are there vanities in the bathrooms? Hard-surfaced entries? What kind of light fixtures are there? Wall surfaces? Wall treatments?

"Decide which features within the house you want to attack—and I do mean attack," says Agid. "As with any good military strategy, you've got to study the opportunity and place your greatest strength at the points of greatest weakness."

You should design with the working wife in mind

She's getting to be the rule rather than the exception these days (in one of the subdivisions surveyed by Walker & Lee, 56% of the wives worked). And she offers a great opportunity to make existing houses seem obsolete.

What does she want? First of all, easy maintenance. That goes for floors and other surfaces. And appliances: A trash compactor starts to make sense, for it turns a daily chore into a weekly chore. And to speed food preparation a working wife might want a microwave oven. (But don't substitute it for one of the two regular ovens: Most women aren't ready to give up their second oven.)

And then there's the master bath: Both husband and wife will be getting ready for work at the same time in the morning, so they'll appreciate a double lavatory set up. And extra closet space becomes more of a selling point than ever for a working wife with her two different wardrobes.

Then, too, a working couple often has divergent commitments in the evening. One member may be away on business and the other is forced to eat alone. He (or she) probably doesn't want to eat in a large formal dining room; there should be a dining nook of some kind. And there should also be a defined space in the living room or a separate space adjacent to it or the master bedroom where one person can relax without rattling around in a big room.

And you should capitalize on the energy crisis

You can design a house that's far more energy-efficient than an old house can ever become. Mitchell offers a caveat, however: Be sure you don't spend so much that the tradeoff doesn't make sense.

"My old Cadillac gets 11 miles to the gallon and my friend's Seville gets 16 miles to the gallon," says Mitchell. "But he just paid $15,000 for this, while mine is paid off."

And you've got to understand the changing psychology of today's discretionary buyer

We seem to be moving from an age of affluence to an age of guarded optimism, says Agid. "Bigger is no longer better to us. And I think that's the key to the marketplace."

We're also in a period when job promotions don't come as rapidly as they once did, and people are becoming resigned to spending more time in the middle ranks of management. So they're expressing themselves a little differently, with social concerns and community involvement. No longer do they feel they have to become president of the company and have the biggest house and car on the street.

"People today aren't judged as much for what they have as they once were," says Agid. "And so they're more concerned with quality than quantity," adds Mitchell.

It's now smart to be energy-conscious, for example: "I don't remember the last time I heard a discussion about a car's horsepower," says Mitchell. "But I sure hear a lot of talk about miles per gallon. And it's the same with housing: People are recognizing the waste of past years, and the house of the future is going to be a little more sleek, more compact."

An Irvine Co. survey confirms this. When 2,000 shoppers were asked how many bedrooms they wanted in their next home, some 15% wanted two, and less than 5% wanted five or more. When this same question was asked in 1970-71, less than 1% wanted two bedrooms and more than 20% wanted five or more. Similarly, people want three rather than four bedrooms and small rather than large yards.

A smaller, sleeker house is not a basic house, however. "It's just that the dollars have been put into design and efficiency rather than square footage," says Mitchell.

And Agid agrees: "People feel that the smaller, prudently utilized, highly decorated house that's an expression of themselves is far better than the large barn that they can't afford to decorate."

—Natalie Gerardi

On the next ten pages, you'll see houses for...

The price-sensitive market

The discretionary market

The luxury market

FOR THE PRICE-SENSITIVE MARKET...

A redesign that cuts costs but not space or amenities

Just a best-of-two-worlds pipedream?

"Not if you redesign from the ground up instead of merely trying to squeeze costs out of your existing models," says builder Dave Fox. The company he heads—Fox & Jacobs of Dallas—has done just that with, it reports, these results:

A $3,000 price cut. Without any sacrifice in house size, quality or location, F&J has trimmed prices in its low-end line, the Today series, from an old range of $23,950 to $28,950 to a new range of $20,500 to $25,950. Ten new models are offered. All are air conditioned. And their living areas are from 1,230 to 1,407 sq. ft. Lots are 60 ft. wide.

About 40 sales a week. Introduced in mid-October but not heavily promoted until November, the new Todays accounted for 315 sales—signed contracts with $200 deposits—by December 14. They are offered in five of the company's 21 Dallas-area subdivisions.

So far, roughly 85% of the buyers are coming out of rental housing where their median rent has been $182. Their median family income is $13,300. And the median monthly payment on their new houses will be $220. But monthly payments can be as low as $204 or as high as $263. Available mortgages, at the current market rate of 8½%, vary from no-down VA to FHA with $600 down.

Neither the healthy sales record nor the type of buyer is much of a surprise to F&J executives. They redesigned the Today series to attract renters who until now have been priced out of the new-house market.

"There are about 35,000 of these families in Dallas," says Larry Martin, F&J's consumer communications director. "Their incomes are between $10,000 and $14,000. And their median rent is approximately $200 to $215."

So the company's goal was a monthly-payment range that would make home ownership affordable by, and appealing to, renters. To reach that goal, Dave Fox set up a task force of four top executives—his marketing and operations vice presidents, design director and general sales manager. Their job, as it turned out, was a complete redesign of the Today series.

"We came up with a basic

CONTINUED

Redesigned model by Fox & Jacobs *(plan above and photos)* sells for up to $5,500 less than original model *(plan below)* with the same size living area—1,407 sq. ft. Its price: from $22,950 to $25,950, depending on location. A major reason for savings: concentration of all plumbing and heavy wiring in a wet-wall utility core. Price was also trimmed by reducing the garage size and eliminating a rear patio. Otherwise, says F&J, the new house and the original are equal in amenities and quality. For two other new models, see page 67.

house making the most efficient possible use of materials and mechanicals," says Operations Vice President E. L. (Bud) Krodel. "Then we started adding carpeting, appliances and other amenities until we reached the desired monthly-payment range."

The biggest saving—more than 50% of the total—results from the use of a wet-wall core containing all plumbing and heavy wiring *(see plans)*. Initially, the wall was built on site; eventually, however, it will be prefabricated and installed as a single unit.

Here are other price cutters, some of which are also energy savers:

• The active-living area is actually one big room, in which only a breakfast bar with a built-in cooktop separates the kitchen from the rest of the space. The planners eliminated not only a partition but also the need for an additional air-handling duct—one duct serves the whole area.

• The location of the air-conditioning compressor—outside the house but next to the wet-wall core—reduces the amount of piping needed.

• The electrical panel box—on the rear wall—is close to the heavy load centers (appliances and heating and cooling units) and thus reduces the use of heavy wiring by about 30%.

• Heating/cooling ducts are dropped into furred-down space above the hallway—a tactic that not only shortens the ducts by roughly 40% but also saves energy because the ducts are in a conditioned area.

• The air-conditioning fan and coil are in a furred-down space above the shower enclosure; their garage location in the old Today models impinged on storage space.

• Window area is reduced to 10% of the wall area (from 15% in the old models); windows are placed on only the front and rear walls; houses are oriented so that windowless walls face east and west to reduce air-conditioning loads; and a standard wood door with a glass insert is used instead of a glass slider at the rear of the house.

Because of these and other energy-saving features, Fox says the new Todays can be heated and cooled for $200 to $250 a year.

• On the windowless, gable-end walls, roof overhangs are 6" instead of the usual 16".

• Cabinets are built in 6', 7' and 8' sections rather than as individual units—a practice that saves material and improves materials handling.

• Garages are smaller than in the old models. Formerly they were two-car size (430 to 480 sq. ft.); now they are single- or 1½-car size (280 to 370 sq. ft.).

Compromises such as smaller garages and substituting a standard outside door for a glass slider are exceptions.

"Our research showed that buyers would not settle for a stripped-down house," says Fox.

So every house in the new Today series has not only three bedrooms and two full baths but also such features as these:

• A full line of appliances—dishwasher, garbage disposer, range, oven and range hood with fan.

• Red oak cabinets in the kitchen and baths.

• Bathroom vanities topped with cultured marble.

• Ceramic-tile countertops with a plastic laminate trim in the kitchen. Ceramic tile is an "extremely popular item," according to Bud Krodel, and thus worth its added cost of about $40 in each model.

• Carpeting (100% nylon short shag) in the family room, master bedroom and hall; elsewhere, the flooring is vinyl.

"We use the same carpeting, appliances and cabinets in the Today houses as in our higher-priced series," says Krodel. "In fact, the cabinets are identical to those in our $60,000 homes."

Although the Today series is selling as fast as expected, the initial promotion produced one unforeseen result and one equally unforeseen non-result.

The non-result: a dearth of buyers at the low end of the income bracket targeted by the company's market research.

The reason? Most of these potential buyers had stopped shopping for a new home, according to Larry Martin. So they weren't reading the newspapers' real estate sections, which on October 25 carried front-page stories on the Today series. "To reach them," says Martin, "we started

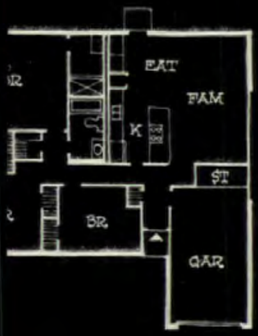
Teaser ad ran in general news sections of Dallas papers after F&J found that some potential buyers, discouraged by high housing prices, were no longer reading real estate sections. Teasers were also used on radio and TV.

running teaser ads *(above)* in the general news sections as well as on radio and TV."

The result: a spurt in sales of the company's middle-priced lines—Accent houses at $25,000 to $32,000 and Flair houses at $32,000 to $42,000.

The evidence? Neither line was advertised on November 16 and 23, two Sundays when the company concentrated its ads on the Today series. Yet both the Accent and Flair series had their best day's sales in a year on November 23.

—LORRAINE SMITH
McGraw-Hill World News,
Dallas



est-priced house in F&J's Today series starts at 500, has 1,230 sq. ft. of g area plus a 286-sq.-ft. ge. As in all the new els, base price includes onditioning.

$21,950 model (price is higher in some locations) has 1,349-sq.-ft. living area and 370-sq.-ft. garage. Price includes fireplace. Open family room/kitchen area is the largest in the new series—355 sq. ft. compared with 220 sq. ft. in the lowest-priced model and 314 sq. ft. in the highest-priced (p. 65).

FOR THE DISCRETIONARY MARKET...

A product line that emphasizes value ahead of price

"We're not making our houses any smaller and we're not cutting back on amenities. We assume that the trade-up buyer can and will pay the higher prices."

So says Bob Albertson, director of marketing for Broadmoor Homes of Tustin, Calif. And this philosophy, the antithesis of the back-to-the-basics movement, has made 1975 the best year in Broadmoor's history, crunch or no crunch.

Broadmoor specializes in the upper ranges of the discretionary, or trade-up, market and at prices ranging from $70,000 to more than $90,000. Last year, building in several projects in or close to Orange County, Broadmoor sold more than 500 single-family homes like the ones shown here and on the following two pages.

"The resale market has been the key to our success," says Albertson. "It's been super strong in our area for the past few months—chiefly because the new-house market was so flat. That means that people moving up from older houses have lots of equity. And they're willing to put most of this equity in a new home because they figure that inflation is going to continue, and if they don't get the house now they won't be able to afford it a couple of years from now."

The top end of Broadmoor's current line is shown above and at right. It is a tri-level with 2,625 sq. ft. of living area, four bedrooms, three baths and a three-car garage. Offered in a 48-acre, 125-unit project in Fullerton, it is priced at $91,490 (of which a bit more than $25,000 is for land; developed-lot prices in Orange County are currently murderous).

Other models in the project are shown in plan form at the right of the facing page. The least expensive is $76,490.

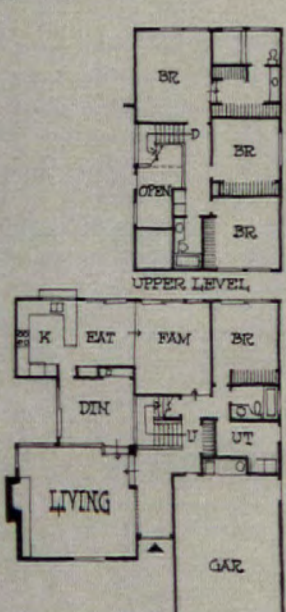
The income of the average family in the project is $32,000. "And we've found," says Albertson, "that it's practically the same in all our projects. What this proves to us is that our people are spending right up to their limit when they decide to buy in our market."

Other items in the buyer profile: The average family has 1.8 children, 33% of the wives work to supplement the family income, and only a few buyers are

CONTINUED

PHOTOS: DAVID ROSS

-level model *(photo, facing e)* features an impressive ily room *(above)* with he fireplace wall. Railing, it foreground, delineates ormal dining area. Floor n at left shows excellent aration of formal, infor- l and sleeping areas, with fourth bedroom posi- ned so that it can be used a den, office or utility m. This model, like all of admoor's houses, was de- ned by Morse, Lohrback & ociates of Newport Beach, if.



Other models in Broadmoor's Fullerton subdivision include *(l to r)* a one-story priced at $86,490, a two-story at $85,-490 and the lowest-priced model in the project, a one-story at $76,490.

One-story model *(plan above and photos)* is best-seller in Broadmoor's San Clemente project. Priced at $75,990, it offers 2,272 sq. ft. of living area, and because it is a zero-lot-line house, almost all of its rooms open into private outdoor living areas. Features include a deeply recessed entry court *(above, right)* and a living room with cathedral ceiling and high fireplace wall *(below, right)*.

transferees; the majority are more or less local former homeowners trading up.

"More than ever," says Albertson, "these buyers are looking at their homes as investments. That's why they're so insistent on value—on features like ceramic tile in the baths, marble vanity tops, etc. And almost all of them want four bedrooms, although family size seldom calls for more than three. They'll use the fourth as a den, an office, a sewing room, but not as a seldom-used guest room."

Since Broadmoor builds in the upper strata of the discretionary market, it might seem logical to push up a little farther and work in the luxury range.

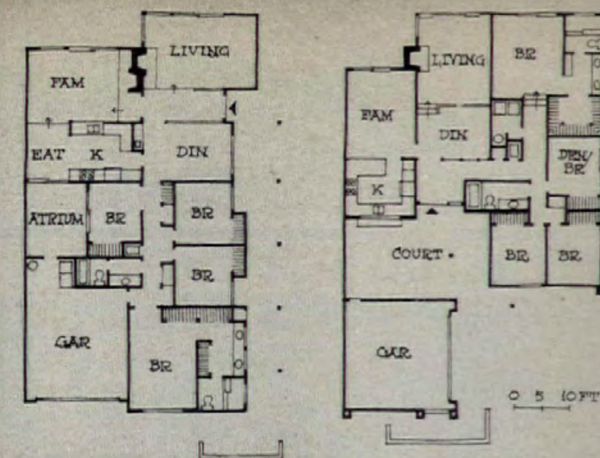
Albertson says no. "We tried luxury homes for a year or so," he says. "We built 30 units in the $100,000-$140,000 range, and sold them without too much trouble. But we won't do it again. There's too much competition from smaller builders. And we feel that our special niche is in the $60,000-$80,000 range."

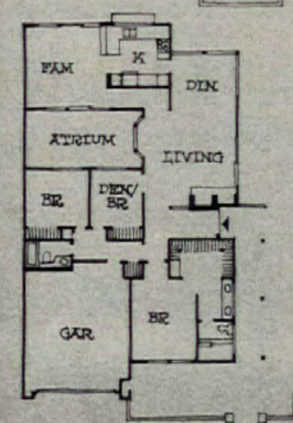
However Broadmoor is looking for ways to offer prices lower than their present ones in the not-too-distant future.

"We'd like to come in at from $60,000 to $70,000," says Albertson. "To do that, we'll have to cut back on space. And as a trade-off, we'll offer more amenities. Goodies are cheaper than space."

Another potential trade-off for lower prices is a farther-out location with lower lot costs. But this can be tricky, as Broadmoor found out from the project whose models are shown above and at right.

"The project is in San Clemente, about 30 minutes from the nearest employment base," says Albertson. "When we started, we knew we were right on the edge of being too far out. Then we opened right in the middle of the fuel crisis, and suddenly we were too far out. We've only sold 47 out of a total of 197 units so far—much slower than we had hoped. And it's a shame, because they are good houses. They would have sold very fast for maybe $25,000 more if they had been, say, in Newport Beach, close to employment areas."





Other models in the San Clemente project include a three-bedroom house with atrium at $72,990 *(left)*, a top-of-the-line four-bedroom house at $76,990 *(top, left)*, and a four-bedroom house that features a huge front court at $69,990. All three are built as zero-lot-line models.

OS: DAVID ROSS

FOR THE LUXURY MARKET...

Space, elegance and the opportunity to customize

These elements add up to a solid portion of a 100-unit-per-year operation for G. L. Lewis Co. of Orange, Calif.: 50 units a year in the $125,000 to $175,000 range.

Specifically:

Space means something between 3,000 and 4,000 sq. ft. The model shown here, part of Lewis' Colony Park project in Villa Park, has 3,100.

Elegance encompasses such features as half-acre lots (valued at $35,000-$50,000), $12-per-yd. carpeting, raised-panel doors, top-of-the-line appliances including microwave ovens, and trim detailing like that shown in the living and dining rooms on the facing page.

Customizing ranges all the way from minor changes in a standard model to major changes such as adding rooms, building a plan from a different Lewis subdivision, and, ultimately, a completely custom house.

"Typically," says Jim Halls, project manager for Colony Orchard, "a buyer will take from $5,000 to $10,000 in changes and extras. It's a big pain for us, but it's a vital part of this market."

A typical luxury project for Lewis has 30-plus units and is programmed to sell out in about two and a half years.

"What we like to do," says Halls, "is presell four houses from models, then start eight houses. We've usually sold the other four by completion."

Halls emphasizes certain plan features that are sine qua nons in the luxury market, and are exemplified by the plans shown on the facing page. They include:

- Very strong entries. "And," says Halls, "they should not allow a view of informal living areas. People want to see elegance when they come in."
- Formal dining rooms. "But if you have to steal space," says Halls, "steal it here."
- Luxurious master suites with big dressing areas.
- Huge family rooms, well separated from the more formal living areas.

Other models in Colony Orchard include a five-bedroom, two-story house *(far left)* and a four-bedroom, two-story house. The 25-unit project opened last May, and by the end of the year 19 homes had been sold.

One-story model in Colony Orchard sells for from $125,000 to $150,000 depending on lot and extras. Features especially appealing to the luxury market include brick and stone entry walk and walls *(photo, facing page)*, a formal living room with glass walls *(above)*, and a large U-shaped kitchen with oak cabinets *(below)*.

What's selling best in single-family? It all depends on whom you talk to...

. . . as House & Home learned from some of the country's leading single-family builders and developers. For example, a few companies say their best-sellers today are considerably smaller than they were before the crunch. Other builders say they're selling the same size houses but many frills are gone. And still others report that it's business pretty much as usual.

On this and the next five pages, you'll find out what ten of the companies H&H talked to are building, who's buying what and how the marketplace is adjusting to changing economic pressures.

—June R. Vollman

"The $15,000-and-up-income buyer will compromise on extras, but not on size"

Today's buyers are thinking as much about future needs as their present requirements when they choose a new home, says Ross Stemer, director of communications for U.S. Home Corp.

"These families know it's much tougher to expand a house than to upgrade luxuries like wallpaper, appliances and landscaping. So they're insisting on as much space as before, and putting off top-of-the-line extras until later on."

That's the trend at Countryside, U.S. Home's large PUD in Clearwater, Fla., where, Stemer says, today's best sellers are the same two lines that sold best before the crunch: $40,000 houses with 1,600 sq. ft. and two or three bedrooms (bought mainly by first-time buyers) and $48,000 to $53,000 houses with 1,700 to 1,750 sq. ft. (sold primarily to move-ups and transferees).

Buyers of the $40,000 series usually are families in their early 30s, moving from rentals because they have outgrown their present space. They're mostly middle management or blue-collar people, earning $15,000 to $18,000, although a few retirees also have bought in this series.

The more expensive best sellers are being sold to upper middle-management people in their mid 30s. The average income is $20,000 plus, there are two or more children, and down payments run about 20%.

Stemer says the company tries to hold down costs through centralized purchasing. "We've had this set up for years, but we gave many of our divisions some alternatives. Now we insist on more company-wide buying for everything from garage doors to tubs and vanities."

U.S. Home doesn't expect to build smaller and less expensive houses at Countryside, Stemer says. But a lower-priced model (under $30,000) is being planned for the company's other Florida subdivisions.

"It will contain 1,200 to 1,400 sq. ft.," says Stemer, "So it won't be a crackerbox. And there will be a lot of options. We'll leave some rooms unfinished, there won't be carpeting, and we'll leave out appliances for families who already have them."

At present, U.S. Home's starts are running 80.5% single-family and 19.5% attached vs. 70% detached, 30% attached a couple of years ago.

And sales are looking up, says Stemer. New housing orders for the quarter ended last November 30 were the best for any comparable quarter in three years, and exceeded those for the comparable 1974 quarter by 31%.

"Buyers haven't given up on their dream homes, but they're watching their pennies more closely"

Conservative but hopeful is how William Pulte characterizes buyers in the nine states where Pulte Home Corp. operates.

Pulte, who is chairman of the West Bloomfield, Michigan-based company, says that in general buyers still consider location and size as important as ever.

"But they're spending less for items they used to consider standard," he says. "And that holds true in most price lines."

Buyers are more cautious now, says Pulte, because they want to be sure they can keep their houses even if economic conditions get a little worse.

"When the economy was rolling, families were buying on projected incomes. Now they're more conservative—in some cases even spending less than their incomes would allow."

In general, while the company's best sellers are about the same size as before they're often quite different inside, Pulte says.

One example is what's happened to tri-level models. Two baths used to be standard; the second bath is now optional. And what used to be a finished family room is now an open area.

"Buyers can finish that space later," says Pulte. "The main thing is that the space is there when they're ready."

Unfinished rooms and fewer baths aren't the only cuts Pulte has made. A major change is the elimination of exterior brick on their best-selling models.

"Before the crunch we used brick on all those houses—often all the way around," says Pulte. "But that can add as much as $4,000 to the price so we stopped using it."

Another cost-cutting step: Fireplaces and masonry chimneys used to be standard. Now the company rarely offers fireplaces except as extras, and most chimneys are metal.

Buyer profiles vary according to house size. Larger models usually are taken by move-ups with two children; smaller houses by young, first-time buyers. And some older couples—people in their 50s who lived through the great depression—are moving down into partially finished houses, says Pulte.

"They've had a cash scare for the first time since the depression. They don't plan to finish their new homes, but this move lets them stay in the community they've been living in and keep some of the cash they get from selling their old homes."

Although the company sells some condos, most of the 2,000 units built last year were single-family. The houses vary in size from 900 to 2,400 sq. ft. and sell for around $30,000 to $85,000.

"I think we've been able to survive better than a lot of other companies because we stayed primarily with single-family," Pulte says.

"We're gambling on a spec line of $50,000 to $53,000 four-bedroom houses"

For years Bob Schmitt has been preselling before building. Now he's making a change.

To economize on construction costs and keep his crews busy, the Berea, Ohio builder will be working on spec straight through the winter. The line will have four different plans. Houses will be on 80'x170' lots, and they'll provide 2,000 sq. ft. of living area with four bedrooms, two baths, a family room and a utility room.

"We're taking a chance. But we believe this is just what the market is looking for in 1976," says Schmitt. He thinks he's on the right track because of what's been selling best recently—a 2,000-sq.-ft. semi-custom house with a base price of $60,000, which gives buyers four bedrooms and two baths plus a 2½-car garage. These houses are in a prestigious subdivision among more expensive houses.

Typical prospects for this plan: people from middle management (often the wife works) with total family incomes of from $15,000 to $25,000. Half are transferees, half first-time buyers who have rented while saving to buy a home. The latter, says Schmitt, usually put down 20%.

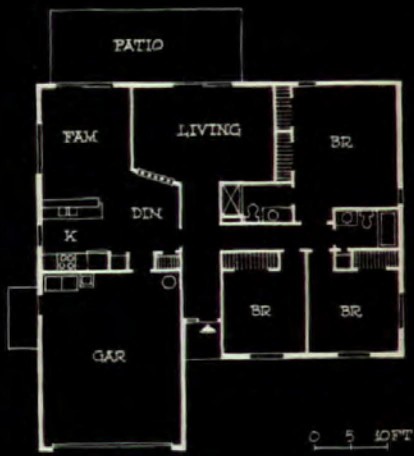
"These buyers usually won't compromise very much," he says. "Their first concern is a lot of space; then they're likely to ask for things like electric garage door operators or special kitchen appliances like microwave ovens. And they often want upgraded paneling and carpeting or special wallpaper."

For families looking for bargains, Schmitt has been able to reduce the base price to around $52,000 by cutting the lot size slightly, using less expensive paneling and kitchen cabinet material and eliminating fixture and landscape allowances.

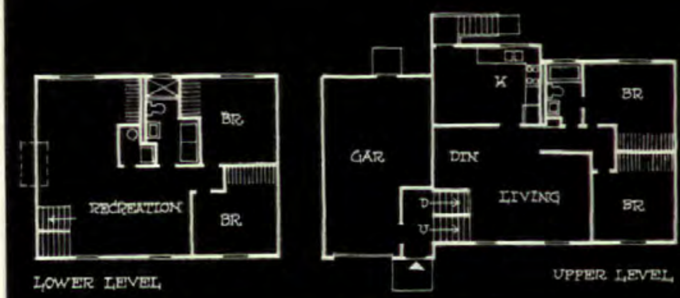
"We're saving $50 per kitchen by switching from plywood to wood-grained plastic laminate over composite board for our custom cabinets," he says. "And we cut $20 from each bathroom's labor costs by changing from high-pressure plastic laminate counters with separate basins to one-piece molded countertops and basins that look like marble."

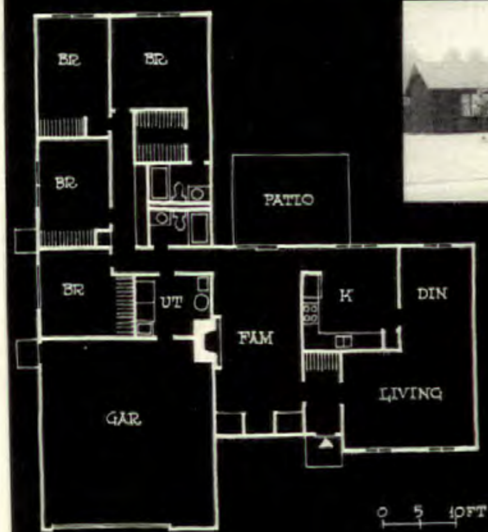
Schmitt hasn't changed his product mix in the past two years. He has four subdivisions of varying sizes and 75% of his production is single-family detached houses.

U.S. HOME CORP.
3 bedrooms; $40,000 range



PULTE HOME CORP.
4 bedrooms; $33,285 base price





BOB SCHMITT HOMES
4 bedrooms;
approximately $52,000

"Even with a so-called basic house, our buyers want a full appliance package"

Despite price tags of $33,990 to $44,990, Hoffman Rosner Corp. of Chicago considers its newest Mainstreet line back-to-the-basics houses. So when the company began planning the line, there was a lot of talk about not including kitchen appliances.

"We could have shaved $1,000 from the prices," says G. Tracey Cross, vice president of corporate marketing. "And that would have been a big help to buyers who have a tough time making the 5% down payments."

"But we decided to go with fully equipped houses because we felt that's what people expect."

The company seems to have made the right decision. Sales of the houses are perking along, with 60 recorded during the first three months. Based on that rate, Hoffman Rosner expects to sell 200 or more this year.

Buyers, mainly former renters in their mid 20s, have total family incomes of $18,000 or $19,000, says Cross. About 40% have no children.

There are four Mainstreet models: a two-story colonial, a split level and two raised ranches. They range in size from 889 to 1,760 sq. ft., and all plans sell equally well.

The company's more expensive houses, a line called Westlake, also are doing well. Last year the company sold 200 Westlakes, which contain 1,693 to 2,583 sq. ft. and sell for $46,490 to $57,990. Three of five available plans can be purchased with the lower level unfinished.

Westlake buyers are slightly older (29 is the average age) than Mainstreet buyers, and have 1.2 children per family. Total family income is in the $22,000 to $25,000 range, and 55% to 60% of the families include a second wage earner. Some 55% come from rental units.

Unlike Mainstreet buyers, Westlake's market has little trouble making down payments. Last year about 95% of the buyers put down more than 10% (two thirds of these were over 20%), an indication, says Cross, that "a lot of these buyers had delayed their purchase for many years."

These families also have some discretionary purchasing power, says Cross. So they often upgrade things like wallpaper and carpeting and pay cash for extras like air conditioning and fireplaces.

"We can't do any upgrading with Mainstreet houses," he says, "because the mortgages won't cover it and buyers don't have the cash up front."

Hoffman Rosner's current product mix breaks down into 67% single-family detached and 33% townhouses sold under a homeowner association plan.

"Two years ago we produced 60% single-family detached and 40% condo quads and townhouses," says Cross. "But condo quads haven't been popular around here and builders are taking a terrific beating with them. Condo owners are trying to sell and move into detached housing."

Cross sees the company's Mainstreet line as a good opportunity for families to get a detached house at a younger age than before. In fact, he says, most of the Mainstreet buyers who weren't renters came from condos they didn't like.

"We turned to the low-end market, and our sales jumped by almost 23%"

In pre-crunch days the Deltona Corp. was doing a brisk business in single-family houses selling for $24,950 to $46,700. But when mortgage rates began to soar, the Miami-based builder's sales dropped significantly—particularly at the upper end.

"Monthly payments simply became too high for our market (primarily second-home and retirement buyers) to manage," says Richard F. Schulte, Deltona's senior vice president of marketing. "So we decided to switch completely to a price range where monthly outlays were affordable by more people."

Last year the company put its total building effort into a line of low-enders—and immediately increased its sales by roughly 23% over 1974's single-family sales. By mid-December 1975, there were 710 single-family sales—550 from the new low-end line, 160 higher-priced models left over from 1974. By contrast, only 526 single-families were sold in 1974.

The low-end line includes eight plans ranging in size from 646 sq. ft. (a one-bedroom model) to 1,388 sq. ft. (a three-bedroom model). Prices of $17,980 to $31,900 do not include wallpaper, carports or screened porches, which buyers can add as options. And central air conditioning and bathroom vanities also are optional in all but the three top-price models.

Besides cutting space and extras, Deltona was able to reduce prices by switching most work from company crews to subs—a step which Schulte says "gave us better cost control and added benefits from competitive bidding.

"And we were also able to trim costs more by reducing the time between contract signing and closing from eight to five months."

The switch to low-end housing also helped Deltona broaden its market base: There are more pre-retirement buyers from northern areas who use their new houses solely for vacations, and more young, local people who are primary buyers.

"Some aren't even close to retirement age," says Schulte. "They are people who move around from job to job—nurses and mechanics, for example. And they would rather buy than rent."

Two-bedroom models account for 51% of the low-end sales. The most popular model, with 1,035 sq. ft. and two baths, sells for $24,100. The second-best seller is a 900-sq.-ft. model with one bath that sells for $22,200.

Deltona builds the low-enders on 75'x100' lots in seven of its eight Florida communities. (The exception is Marco Island, the company's showcase project.)

This year Deltona is shooting for a 33% increase in sales, and will expand its low-end line with three higher-priced models that will sell from the high $30,000s to the low $40,000s.

"Our overall market is a lot more alive," says Schulte. "Prospects who turned down larger houses in 1974 are asking for them now."

How come? Schulte thinks it's because the market has recovered from the shock of soaring interest rates. "People realize these rates are more or less here to stay," he says.

'We've reduced space and emoved frills, but we're still lelivering quality"

he only thing that hasn't been educed in Bob Scarborough's urrent best-selling models is uality of materials and workmanship. Space and extras have een cut to the bone.

"Today's market is looking or lower-cost housing," says ohn Heppe, president of the ompany's single-family divi-ion at Cherry Hill, N.J. "But hey still depend on our reputa-ion for construction quality. And we're sticking with it be-ause we believe quality may be ven more important in a basic ouse than in a larger one."

Previously, the company's est sellers were 1,400- to 1,700-q.-ft. houses selling for $38,000 o $45,000. They've been re-laced by models with 1,200- to ,600-sq.-ft. selling for $29,900 o $38,500.

Scarborough's cost-cutting rogram begins with reduced lot izes, continues with a speeded-up construction schedule, and vinds up with smaller size ooms and fewer frills.

"In one project we're working with the smallest lots (60'x100') we've used in five years," says Heppe. "Of course smaller lots give us less siting flexibility be-cause side, rear and front yards are so fixed. "But we're talking price and we figure if we pass along the savings we make from smaller lots, our buyers will be happy."

A greatly reduced construction timetable also helps the company cut costs.

"It used to take 13 weeks from foundation to customer inspection," says Heppe. "Now we're on a 25-working-day schedule."

This sharp reduction is partly due to the use of panelization and components. Also, says Heppe, all floor plans are as standardized as possible—for example, identical kitchen layouts and mechanical-area locations.

Panelization is done at a local lumber yard that was "starving to death after it opened about a year ago," says Heppe. "We're getting a lot of price benefits because we're the only customer they have right now."

Every room in Scarborough's houses is smaller than it used to be. In fact, Heppe says, rooms are "just the bare minimum." And the only appliance included in base prices is a range. But optional washer-dryer-refrigerator and/or dishwasher-disposal packages are available at "very realistic prices."

The company also is experimenting with low-priced houses on one-acre lots.

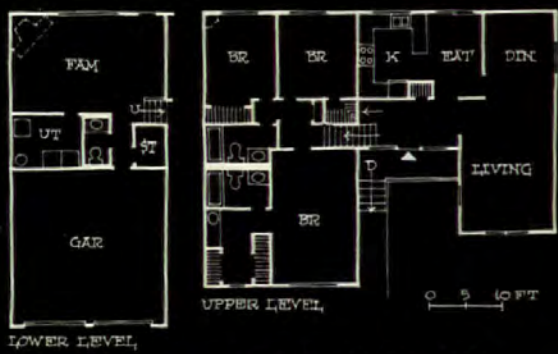
"We found some out-of-the-way, one-acre zoning where we're getting the land at a low price and improvement costs are negligible," says Heppe.

The area is about 10 or 15 minutes farther out than where anyone has built before, Heppe says. But the company had taken 11 deposits by the time models were in the framing stage. These houses are priced at $29,900 for a two-bedroom Cape Cod with expansion attic; $33,-900 for a four-bedroom Cape Cod; and $30,900 for a three-bedroom ranch. The expansion model is the most popular, says Heppe. "Families want to finish it themselves."

Another new venture for Scarborough is a trial balloon in what Heppe terms "no-man's land," where the company bought four lots with an option for 200 more if the four work out.

"The schools aren't great, and neither are the town services," he says. "But there are many local families who always have dreamed of a one-acre lot, and we think they'll put up with some discomfort to get it."

Scarborough's product mix is presently 75% single-family, a 25% increase over what it was before the crunch. "We plan to stay mainly single-family," says Heppe, "until this condo thing gets squared away."



HOFFMAN ROSNER CORP.
3 bedrooms;
$50,990 to $52,990 ***(top)***
3 bedrooms;
$34,990 to $36,490 ***(bottom)***

DELTONA CORP.
2 bedrooms; $24,100 and up

BOB SCARBOROUGH INC.
3 bedrooms; $33,500

"We're seeing movement in all markets, but there's a shift in who's buying what"

Not surprisingly, Wood Bros. Homes' lower-priced Denver houses continue to attract first-time buyers. But what is unusual is that this price range ($30,000 to $37,000) also is tempting established families to move out of larger houses.

"These aren't older empty nesters," says Robert Carnicello, senior vice president and regional manager. "They're people who just don't want the responsibility of big homes right now."

Former renters, however, still make up the biggest share of the company's low-end market, and Carnicello expects this segment to grow steadily as Denver's apartment vacancy rate continues its present decline.

"We expect rents will soon go up by about 15%. When that happens the ratio of rent to monthly payments will be more balanced, and more families will be in the market for low-priced houses."

Wood Bros. also is building single-family in two other price ranges: $37,000 to $45,000 and $45,000 to $55,000. Transferees had been the main market for these lines, says Carnicello. But transferring has fallen off recently, and the slack has been taken up by local move-ups who use the inflated dollars from their older homes to buy larger houses.

The multi-city builder has always kept prices as low as possible, says Carnicello. "So it's difficult to say we're trying to go back to a basic house. But in our lower-priced line, we're giving prospects the option of leaving some rooms unfinished and foregoing extras like fireplaces."

Along with most builders, the company's single-family volume dropped during the crunch. But its share of the market increased, says Carnicello.

"And we expect sales to pick up in 1976. Traffic is improving and buyers' attitudes seem to be that they don't expect things ever will get back to where they were before. So they're deciding to buy before prices go up even higher than they are at the present time."

"We've got a lot more first-time buyers now, and they're also younger"

By doing a lot of cutting, both in size and frills and by speeding up construction, Ryland Homes has been able to reduce the average price tag on its houses from $44,000 to $41,000. This explains the upsurge in the number of younger buyers—mainly families in their mid and upper 20s, compared to couples in their early 30s who made up the market until recently.

"We're definitely emphasizing lower-priced units with less square footage and fenestration," says Frank Martin, Ryland's marketing services manager who works out of the company's headquarters in Columbia, Md.

"People used to insist on 2,000 sq. ft. of space; now they're ready to compromise just to get a house before something bad happens, like a price rise or mortgage money drying up," he says. "They know they can add the frills later when they have the money. Or, if they can afford it, we'll add the extras as options when they buy."

For example, in its Patriot models Ryland offers such options as an extra half bath, a family room/den and a carport. But for buyers looking for less space the company recently introduced a new series called Liberty in which square footage runs from 840 to 1,300.

"They're typical of a group of lower-priced houses that are our best-sellers right now," says Martin. "In Atlanta they sell in the low $30,000s and in Baltimore from the mid $30,000s to the high $40,000s."

In order to cut prices, Martin says Ryland put a lot of its R&D money into new products, materials and design changes.

"We're also putting more emphasis on lower-priced lots (often zero lot-line) with 6,000 to 9,000 sq. ft. This size lot is well-suited to the Liberty and Patriot series."

Ryland sells in five market areas and last year 95% to 96% of its output was single-family detached; the rest was townhouses and quads. This year the company is phasing out multifamily completely.

"A lot of families aren't trading up right now because new housing is just too expensive"

A couple of years ago Little Rock's move-up market would have been buying houses in the low-$40,000 to mid-$60,000 price range.

"Today many of these families are sitting tight because they don't want to spend that kind of money—especially since it buys less house than it used to," says Ed Willis, president of Fausett Evergreen, Realtors. The company is exclusive sales agent for Otter Creek, a new 580-acre PUD outside of Little Rock.

Otter Creek is a land-sales program being joint-ventured (under the name Rock Venture) by Vines, Fox and Castin and two lenders. The PUD's first single-family lots went on sale last July and by mid-December 47 houses were being completed by several builders.

Typically, says Willis, the most popular plan at Otter Creek is a two-story traditional with about 2,000 sq. ft., four bedrooms and 2½ baths. Houses sell for $55,000 to $65,000, of which about $7,800 is for the lot.

The second-best sellers are $42,000 to $50,000 one-story contemporaries with three bedrooms, two baths and a den.

A couple of years ago housing at this price would have been larger and would have included more extras, Willis says.

"But," he adds, "buyers seem willing to compromise on house and lot size if there's recreation nearby." Otter Creek's $250,000 rec center with a pool and tennis courts was partially completed when lot sales began.

One thing buyers won't compromise on is quality. "They realize quality will increase their home's appreciation, hence help offset inflation," Willis says.

Two other buyer concerns: the energy efficiency of their new homes and security. So Otter Creek has street lights and a gate house.

Because the local move-up market has pulled back, about 65% of Otter Creek's market is transferees. Before the crunch, that figure probably would have been 40%.

"To keep prices as low as possible, most builders are taking a bit less profit than they used to and they're squeezing their overhead," says Willis. Despite this, the average price at Otter Creek is $55,000 (the range is $41,000 to $90,000). "What we need," says Willis, "is more $40,000 to $45,000 houses."

When completed Otter Creek will have 1,000 single-family houses, 1,200 multifamily units (rentals and condos) and 800 low-density attached single-family units plus offices, a commercial area and schools.

But only detached single-family is being sold right now, says Willis, "because it's by far the best market. Also, we wanted to give Otter Creek a single-family image in its early phases."

Initial sales have been so good that Rock Venture is planning to open the second phase well ahead of schedule. But phases will be smaller than they would have been before the crunch. Then, each might have included 300 to 400 lots; now, 100 to 200 is the limit.

'We're still selling the same basic plans, but not to the same economic market"

Jnlike some builders, Ryan Homes Inc. finds many families re settling for less house than hey would have a couple of ears ago.

That doesn't mean the Pitts-urgh-based company is selling maller houses than before—ust that there's been a shift in vho's buying the company's est sellers—typically, 1,050 q.-ft., three-bedroom models riced from $29,500 in a low-ost area like Louisville to oughly $42,000 in high-cost reas like Cleveland and Wash-ngton, D.C.

"What's happened," says ompany president Malcolm Prine, "is that the $15,000-a-ear family now buys what the 12,000-a-year family used to. And it's not the same family vith an inflated income."

Previously, says Prine, the higher-income buyers would have bought one step up—houses with 200 sq. ft. more pace. "And they would proba-bly have asked us to finish the ower level as a game room," he ays. "Now they'll finish it hemselves later on."

To attract this "we'll-settle-or-less" market, Ryan also has down-graded some standard tems covered in the base price of their models. For example, basic rather than luxury ranges are now the norm; so are wall-hung lavs rather than decorative vanities. And a half bath that vas standard now is an option."

"We try to hold the changes to tems the customer can upgrade ater," says Prine. "In some cases we've even switched to gravel rather than paved drive-ways. The gravel will be a good base for paving when the owner can better absorb the cost."

Typical customers are couples in their early or mid 30s. They average 1¾ children, and 40% of the wives work to bring the family income up to $15,-000. Most have been renters and this is their first home purchase.

These families consider two things before they buy, says Prine: 1) location "because they're concerned about the safety of their children" and 2) energy performance "because they know that an improperly built house could push their monthly energy bills higher than their mortgage payments."

As to future plans, Prine's guess is that Ryan will be building slightly more attached housing than it now does—probably 15% of its production compared to 10% today.

"And we're trying for smaller lots wherever we can get zoning approval and reasonable locations," says Prine. "We think higher density is the only way we'll be able to house this nation in years to come. Today's typical single-family house on an 80'x150' lot is just not feasible for enough people."

Ryan also is concerned about holding the line on prices.

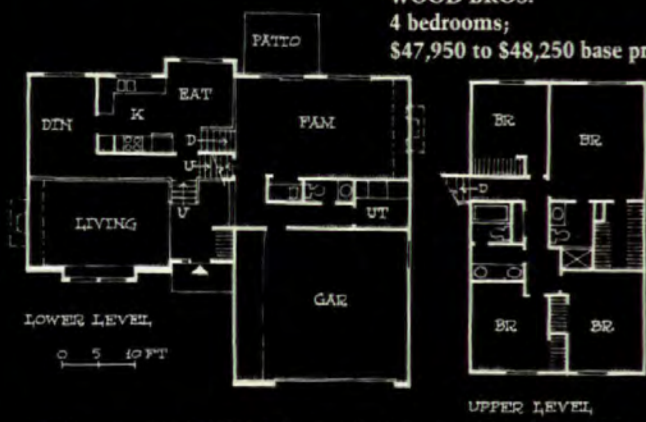
"We've been getting unpleasant noises from suppliers," Prine says. "But we're going to do exactly what we did last year—be extremely difficult to get along with.

"We'll change suppliers or do anything else we can to avoid unreasonable increases. My customer isn't going to pay, so the suppliers will have to adjust their costs just the same as we do."

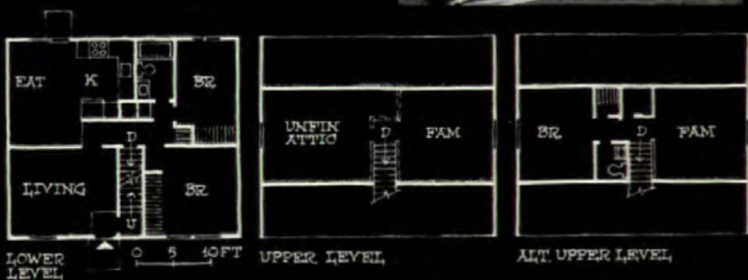
The company presently operates in 17 different market areas and usually has seven or eight active subdivisions in a typical market.

ROBERT W. SCHOTT INC.

WOOD BROS.
4 bedrooms;
$47,950 to $48,250 base price

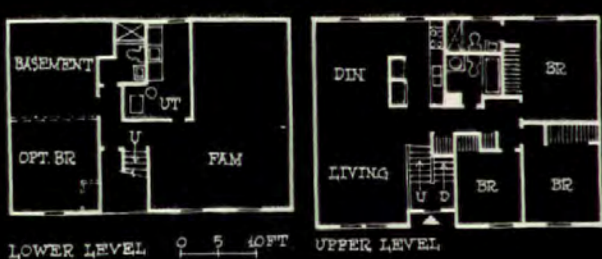


RYLAND HOMES
2 or 3 bedrooms;
low $30,000s to high $40,000s



OTTER CREEK
4 bedrooms; $58,000
(Willis Hudlin, builder)

RYAN HOMES INC.
3 or 4 bedrooms;
$29,500 to $42,000



Is this the best-looking ba

ut in the country?

Ads and publicity stories bill \$19-million Telegraph Landing as the most exciting new housing project to hit San Francisco in a long time. And justifiably so:

The location is exciting. It's at the foot of the city's famous Telegraph Hill at the edge of San Francisco Bay. Residents can walk to the financial district or Fisherman's Wharf in 15 minutes.

The land use is exciting. Four condominium buildings containing 56 townhouses and 133 flats are grouped around a paved and waterscaped plaza on a 2.17-acre site. The buildings—four, seven and nine stories—are strategically arranged so they don't obstruct the views from older housing on the adjacent hillside. Their rooftops, heavily landscaped with boxed trees and bushes, provide almost two acres of outdoor recreation area to compensate for the land displaced by the buildings. Walkways and dog runs are provided on the roofs, and the dog runs even have flush toilets.

The variety of floor plans is exciting. There are 13 of them, priced originally at \$70,000 to \$150,000. In the mid-rise buildings, which contain the flats, a typical floor offers a choice of nine different plans. In the four-story buildings, two-level townhouses are stacked two high with private roof gardens on top.

There's so much to see, in fact, that a guided tour of the project takes at least 1½ hours; the first 15 minutes are used for orientation with a multi-projector slide film.

But one thing about Telegraph Landing isn't exciting: its sales record. Traffic, to be sure, has been heavy since the developer, Alpha Land Co. of Santa Clara, started presales promotion in April 1975. Crowds of lookers became such a problem that units had to be shown by appointment only. But serious lookers have been scarce.

In six months of preselling, buyers put deposits on only 10% of the units, and that slow sales pace showed every sign of getting worse rather than better.

So Alpha Land, an established northern California builder (3,000 homes since 1959), faced a decision: Hang in there and risk a heavy drain on its resources or call it quits. Alpha opted out, turning the project over to the lender, Travelers Insurance Co., after completing construction in September.

"We became the sole owners by mutual agreement," says Russ MacKenzie, regional manager of Travelers' real estate investment department.

TO NEXT PAGE

PHOTOS: ERNEST BRAUN

Nine-story building *(above)* is one of two mid-rises at Telegraph Landing. Both mid-rises include such features as roof gardens and top-floor solariums *(below and opposite)*. Project was designed by Bull, Field, Volkmann & Stockwell. Landscape architecture is by Royston, Hanamato, Beck & Abey. Contractor was Cahill Construction Co.

What went wrong? "We were aiming at the wrong buyer," says MacKenzie. "We thought our primary buyer was a middle-aged, conservative couple with substantial equity in a house. That's why we didn't build a swimming pool, but only a gymnasium, saunas and steam rooms. We figured this kind of buyer would already belong to a club or have a place in the country."

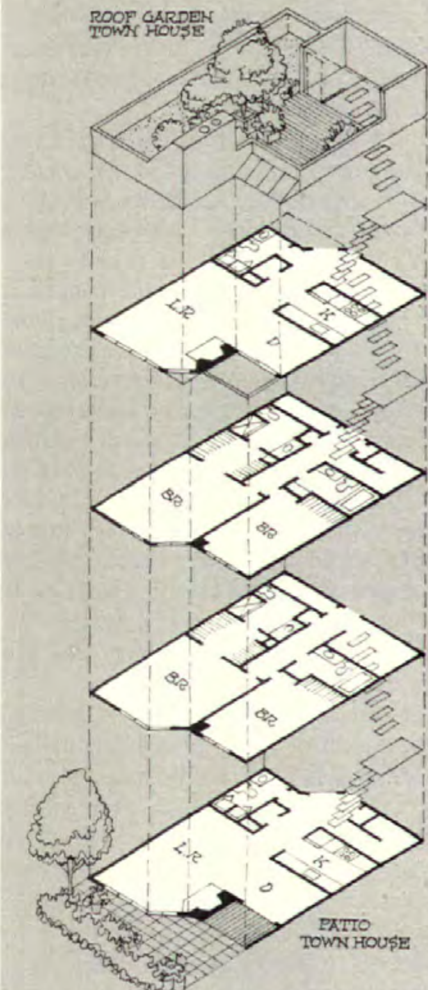
As it turned out, the majority of Telegraph Landing's prospects are much younger people in their 30's and early 40's. What's more, half of them are singles.

"Our pricing wasn't geared to those people," says MacKenzie. "The few sales we made were in the \$100,000 to \$120,000 range and all to the middle-aged market. Those young prospects were looking at the low-end units, and our low-end prices weren't low enough for them."

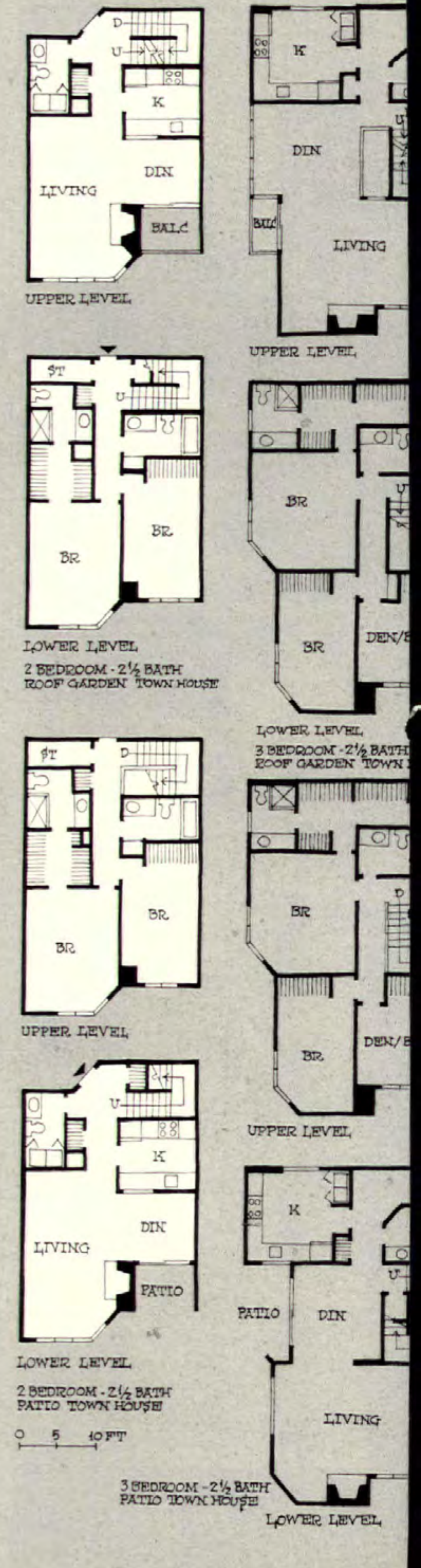
Travelers has now revamped the price schedule, dropping the project's average from \$90,000 to \$84,500 and cutting the low end from \$70,000 to \$61,500 for a one-bedroom, one-bath flat. As another inducement, Travelers is providing 8% mortgages.

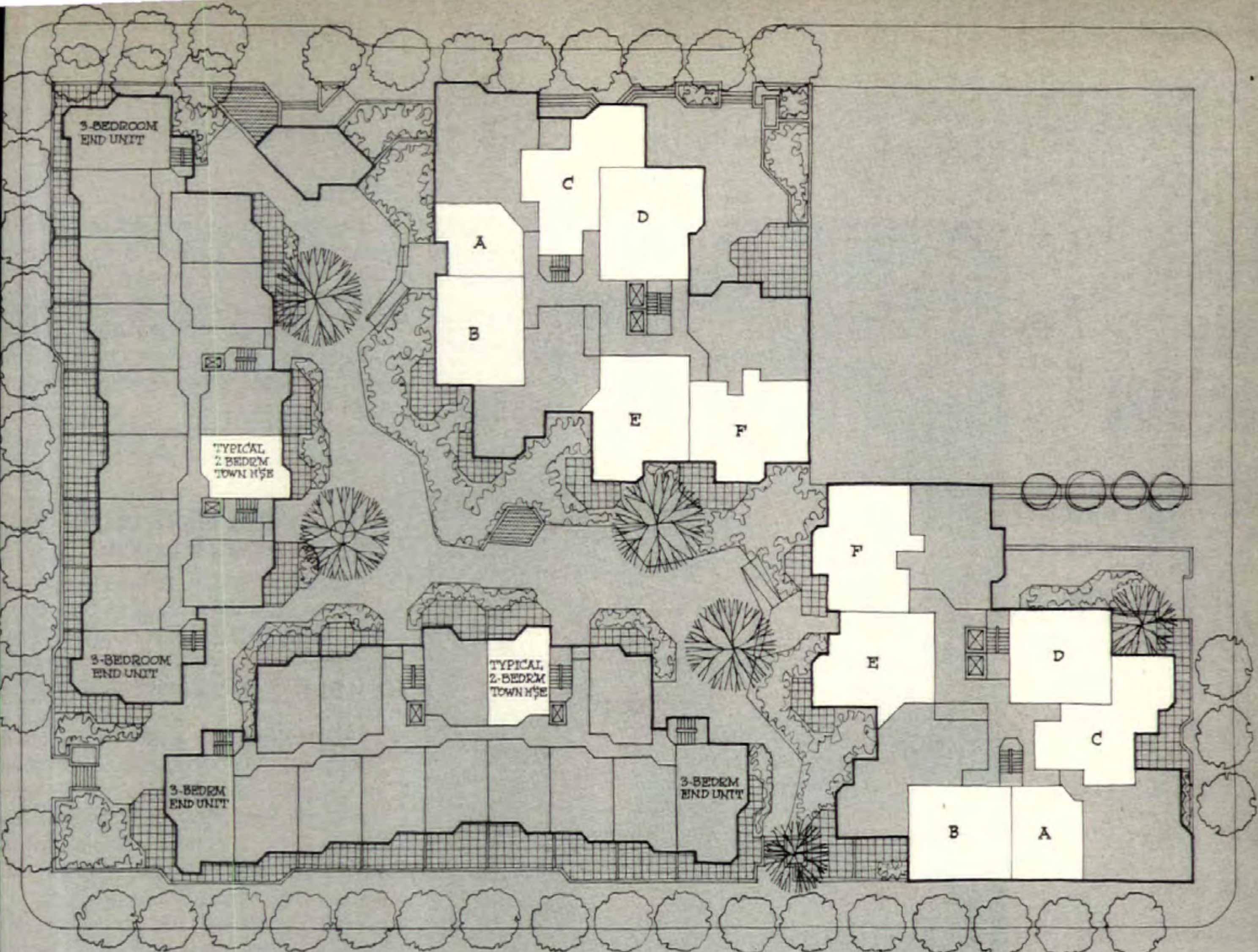
MacKenzie is also revamping the advertising: "The ads have been too formal. They've concentrated on security, serenity and the theme that Telegraph Landing is an 'urban village,' whatever that means. They haven't really emphasized the excitement of the place, and that's what we're going to start doing."

The urban village theme undoubtedly was suggested by Travelers' mixed-use development plans for several adjacent blocks of land held by the company. But until Travelers finds a way to turn Telegraph Landing's excitement into hard sales, those plans will remain on the shelf. —H.CLARKE WELLS



Two-level townhouses are stacked two high in both of the project's four-story buildings. Each building contains 28 townhouses—24 with two bedrooms and four end units with three bedrooms. Bedrooms are on the upper level of each bottom unit and on the lower level of each top unit *(drawing, above)*. This arrangement reduces potential noise problems by isolating the bedrooms from the active living areas of upstairs or downstairs neighbors. It also gives active-living levels direct access to private outdoor areas—an enclosed patio off the bottom unit and a roof garden above the top unit. The dining room of the top unit also opens to a balcony.





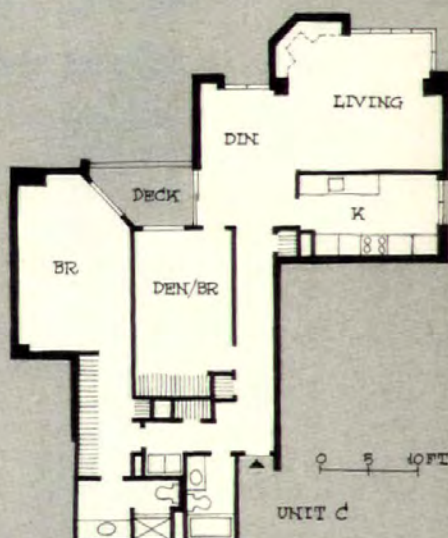
High-density plan—87 units per acre—puts 189 condo townhouses *(plans at left)* and flats *(plans below)* on 2.17-acre site. Townhouse buildings are four stories; apartment buildings are seven and nine stories. Central plaza is paved, landscaped and waterscaped. Parking is underground.

Apartment plans offer wide variety of room layouts and shapes. Most units open to private outdoor areas—patios at ground level, concrete decks on second floor, balconies at other levels. All units on top three floors have fireplaces. Six of nine available plans *(below)* are keyed to building plans *(above)*.

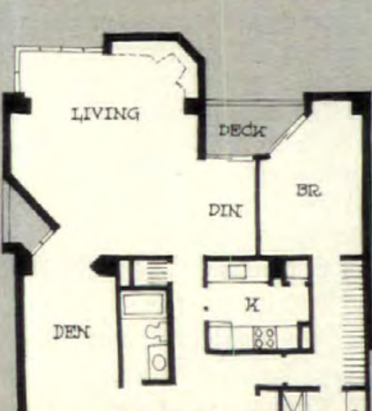
SINGLE LEVEL HOMES

UNIT A

UNIT B



UNIT C



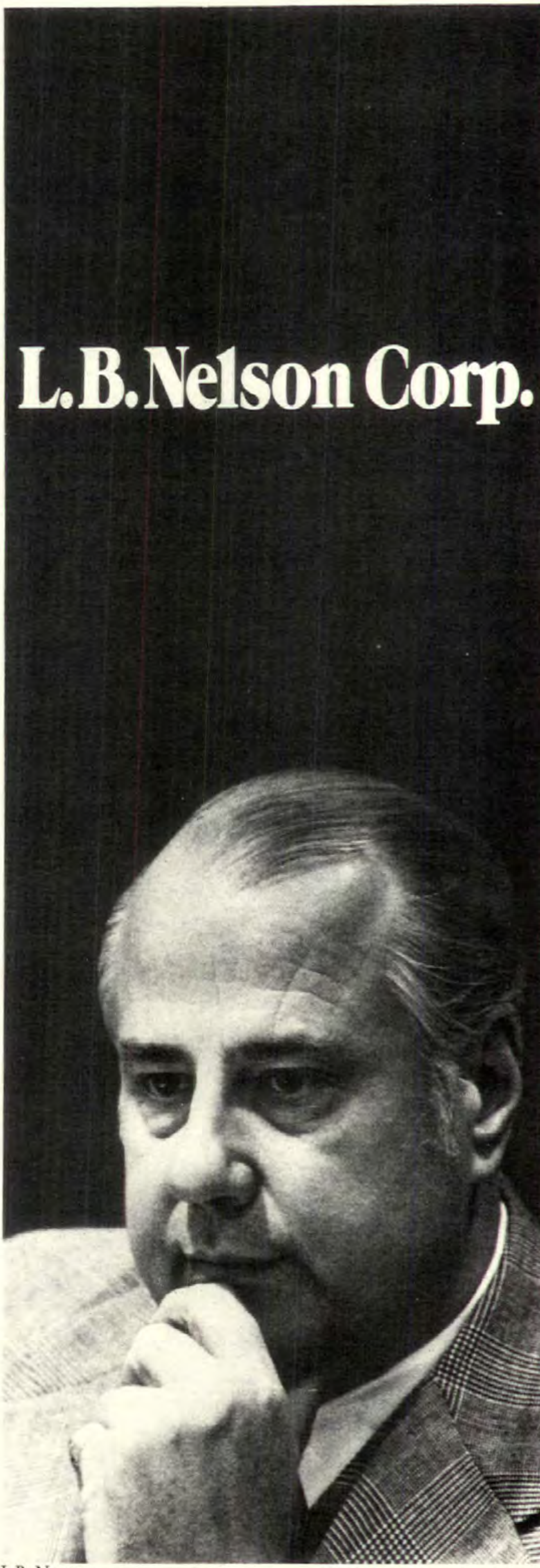
UNIT D

UNIT E

UNIT F

To the brink and back with the L.B. Nelson Corp.

The building of a dream— the near loss of it all— and the breathtaking rescue . . .



DENNIS GALLOWAY

L.B. NELSON

Les Nelson is a big man and he built a b
company, only to watch it teeter on th
abyss of bankruptcy and ruin.

He rescued it, and the details of that re
cue provide one of homebuilding's most dr
matic stories of the last two years. The fu
ther story of the company's return
health—although it is not yet complete-
may prove even more exciting.

But, to start at the beginning—

The building boom of '70s triggers feverish expansion

The story of the L.B. Nelson Corp. is L
Nelson's story and it begins in the buildin
boom of the early '70s. Out of the boom gre
the Nelson dream: He would become one
that small group of giants who built natio
wide.

He was already the apartment king in th
San Francisco Bay area, building and mana
ing garden apartments. He had pioneere
the highly successful sale-leaseback con
cept in 1964. But local fame and fortun
were not enough; he would create a housin
giant, and he would do it in one leap.

In 1969 Les had 706 apartment uni
under construction and 17 sale-leasebac
partnerships managing 1,245 units alread
in place. His new corporation would vi
tually explode from that base in the next fe
years. Revenues more than sextupled fro
\$6.8 million in 1970 to \$46.6 million i
1972.

There was a pattern. It was an intelligen
pattern, but it was risky.

First, he was enlarging the base. He ha
always built garden apartments very well, s
he increased his sale-leaseback portfoli
from 17 complexes to 29, until 1973, whe
new accounting and tax rules made ne
sale-leasebacks unattractive to investors
Then he undertook a grand-scale extensio
from the base. Baywood Apartments, an am
bitious joint venture in Foster City, Calif
started up with American-Hawaiian Steam
ship Co. as the money partner. It alone wa
intended to triple Nelson's volume: Initia
plans called for 4,500 sale-leaseback garde
apartments.

Next came a headlong plunge into for-sal
housing with condominiums. Nelson con
centrated in the familiar territory of north
ern California, and business grew from zer
in 1970 to 1,700 units abuilding in eigh
projects in 1972.

Then, with all that under way at once
came the move nationwide:

- Condos and sale-leasebacks in Orego
and Washington state.
- A planned 1,000-unit condo comple
dubbed Audobon Square in Memphis, Tenn
- Two condo projects in suburbs o
Washington, D.C.: The Colonies, a 496-uni

omplex in McLean, Va., and The Georgian Colonies, 471 units in Silver Spring, Md.

• A 472-unit complex in Houston, Tex., bought for condo conversion.

• And plans, mercifully never carried beyond a few land options, to move into Florida.

Nelson was also tempted into a significant departure from the pattern. The Old Mill was a project embedded in the Baywood venture, and it had caught his eye: choice commercial acreage situated 10 miles south of Foster City in Mountain View, Calif. It had a striking plan that included both condominiums and a big specialty shopping mall centered on a realistic if nonfunctional grist-mill waterwheel. It became Nelson's particular pet, and, eventually, he could not resist buying it out of the Baywood operation for his expanding empire.

But expansion demands cash —and so the money game begins

In expanding, Nelson took two great risks: He did it all at once, and he did it on enormous amounts of borrowed money.

There was no trouble raising the money. Nelson had an enviable reputation among lenders and construction money was plentiful. Lenders flocked to him. It did not seem to bother most of them that his financing was done largely with debt. When it did, Nelson allayed fears by personally guaranteeing their loans. His guaranties soon added up to $27 million, and that startling sum was not even a quarter of what the total debt would be. By the end of 1973 secured debt was up to a staggering $113.5 million, at interest ranging from a relatively safe 6½% to a scary five points above prime.

And there was about $14 million in unsecured debt that would prove even more dangerous.

But risks aside, Les Nelson had what he wanted. He was building coast-to-coast, and at a volume that easily put him among the 100 biggest homebuilders. He wasn't Kassuba or Centex, but it was not bad for three years' effort. And if anyone seemed ideally suited to head a new giant, it was Les himself. His building credentials were superb.

His grandfather was a builder; his father was a builder; his mother had been an interior decorator. Les himself had started work at ten as a water boy at one of his dad's job sites.

His very appearance added distinction: a massive man of six foot five, he towered over his colleagues—and now over much of his industry.

His temperament contributed much. He had a head for figuring money, an instinct for showmanship, a real passion for building and a genius for wheeling and dealing.

"I love the business," he says. "It's fun to build."

In early 1973, L.B. Nelson had reason to be a happy man.

A plane crashes—and trouble looms for a vulnerable company

Nelson's creation was big, but it was fragile. It had to have a healthy housing market. The homebuilding debacle of 1973-74 drove home the nature of Nelson's risks.

Inflated building costs, rising interest rates, labor and materials shortages, faulty workmanship and construction delays—these struck hard at construction everywhere. Nelson had a multitude of projects going up all at once. The costs soon ran far above the amounts of money available.

The energy crisis, contracting credit and a gathering recession dried up sales just as Nelson's condos were coming on stream. They languished unsold, the interest meter ticking.

Even the sale-leasebacks suffered. Overbuilt markets and recession cut occupancy rates and held down rents—while operating costs soared. Some of Nelson's rental projects soon slipped into negative cash flows, a few seriously so; and by 1973 Nelson Corp., was managing well over 5,000 apartment units.

Because it was so vulnerable, Nelson Corp. was one of the first to crumple. In second quarter 1973, the company was already reporting red ink.

Financial control became difficult; Nelson hired a new senior executive vice president in September 1973, Herbert Hindin, who had decades of experience in real estate financial control. Still, by year's end, the company was in serious trouble.

But it was early in 1974 that an airplane crash in the lonely wastes of Utah suddenly turned the company's condition from serious to desperate.

The storm gathers—Les Nelson loses control of his company

The crash killed Gil Rasset, an aggressive young banker who provided Les Nelson's main contact with his most important creditor, Los Angeles' Union Bank. There was $2 million due on an unsecured line of credit, and Nelson badly needed a renewal.

The Union Bank team that took over from Rasset looked at Nelson's position. It did not like what it found.

"The atmosphere changed," observes a then vice president of the Nelson Corp., "We had no protection any more."

The bank's decision was simple: Break off negotiations and demand the money.

But the company could not pay.

Nelson had little time to waste. He hurriedly brought in Kenneth Leventhal & Co. noted consultants with a prestigious reputation as company doctors. As a precaution, he also called in a more ominous sort of consultant, Lawrence Goldberg, one of San Francisco's top bankruptcy attorneys.

In March 1974 they called the lenders together for a meeting to ask for forbearance and cooperation.

But the lenders proved more bent on jockeying for advantage in case of liquidation than on cooperating.

They also took time to put their heads together, and one of the subjects of their discussions was Les Nelson.

The reversal of his fortunes had dismayed them.

"It would seem Les has been working harder on promotion than on administration and control of the company," was one view expressed.

"We need someone in charge who would take financial control," was another.

"A developer like Les basically expands," chimed in a third. "A financial man seems the better choice to wind things down—especially one not emotionally attached to any projects."

"It's hard to slash a company that you've built up yourself," agreed a fourth.

So Leventhal carried the word back to the board of directors from the lenders' meetings. The creditors wanted Herb Hindin, the vice president with the experience in real estate finance, to run the company. Les Nelson could be chairman. The lenders did Les the courtesy of sending word themselves—through an intermediary.

As it happened, the grim message did not particularly surprise Nelson. He had actually offered to step aside a few weeks earlier. But it did disappoint him.

"I swallowed my pride," he says now, and lets the subject drop. Hindin took over as president Mar. 25, 1974.

The big loan falls through —and the end seems at hand

Before the Nelson company's troubles, the focus had been on growth. Now attention switched to shrinking. Neither on the way up nor on the way down did anyone have much time to spend on assuring the company's ultimate survival.

Hindin did very much want it to survive, but he felt as if the onrush of events prevented his concentrating on that goal. There were the lenders to be dealt with on an immediate basis, and he also had to concentrate on chopping the company back, fast.

Most of the secured creditors agreed quickly enough to fund the direct costs of ongoing projects. Specific lenders were secured by specific properties, and everyone understood that unfinished projects weren't worth much.

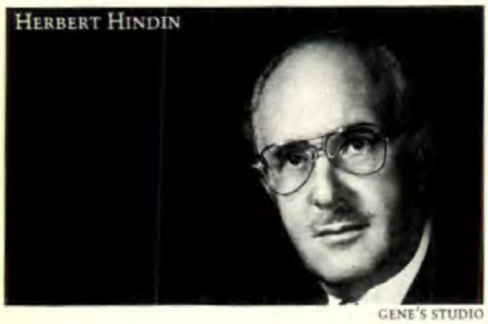
But funding indirect costs—general overhead—was another matter.

The overhead funding eventually provided was small, grudging—and increasingly inadequate as time went on.

Debt restructuring had to be put aside altogether. "When we started to talk about interest reduction," recalls Elliot Lefferts, the managing partner of Leventhal & Co.'s San Francisco office, "they looked at us like we were crazy."

In April 1974, however, two lenders, Union Bank and Continental Illinois Realty, stepped forward with a plan that looked as

HERBERT HINDIN



GENE'S STUDIO

if it might assure the company's survival—a $1.5-million loan that would be, in effect, a new line of credit. They agreed to make the new loan with a big if.

Unsecured loans, including Union's previous $2-million line, must be secured with Nelson's sale-leasebacks. The two lenders added other conditions and restrictions meant to protect their interests. But the practical effect of the conditions was that the loan could not immediately be implemented. The result, of course, was a perpetual money crisis at Nelson Corp.

While dealing with these matters with one hand, Hindin had to devote himself to cutting the company down with the other.

He virtually shoved people out the door: On Jan. 1, 1974, the company had had 493 employees; by yearend, it was down to 189.

Hindin also had to close and dispose of four of the least viable small projects, close the superfluous Florida office, get rid of the company's costly new computer system, eliminate the disastrous and costly Audobon Square project and close or combine divisions elsewhere.

But despite something akin to perpetual motion on Hindin's part, week by week and month by month the slide of the company accelerated. In June, for instance, it had to default on the interest due on the company's $7 million of subordinated debentures held by four East Coast institutions.

A fresh evaluation of the company's projects now confirmed that Nelson Corp. had a negative net worth. The company was actually insolvent.

Hindin posted massive loss reserves.

In August, the Securities and Exchange Commission filed a complaint against the company for failure to report 1973 results—the auditors and accountants could not get a precise enough fix on the true value of assets.

"We had lawyers like you wouldn't believe," says Hindin. The complaint was finally settled in October, but even then the auditors would not risk an opinion on the Nelson statements.

And each day the cash pinch worsened. A termination of one of the soured sale-leasebacks had to be held up, for instance, because the company could not spare the $150,000 needed to close the deal.

Hindin pinned his hopes on the $1.5-million loan from Union and Continental. Agonizingly, it hung fire all summer, its conditions unmet.

Then in September came the blow. Union Bank had insisted on collateral for its old and still-unpaid $2-million loan as a condition for any new loan.

Now Union realized that the Nelson company's negative net worth would render suspect any collateral the company might have. Bankruptcy law specified that if a company should file within four months after a loan—and that was now a clear possibility—the courts could set aside this hard-won collateral as "preferential treatment" to a lender by a known insolvent.

This was too much for the bank, which felt far too much at risk with Nelson Corp. already.

It backed out of the agreement.

And that was too much for Hindin.

"I gave it my best shot," he says. "But when that deal died, after all the heartbreak and work that went into it, I'd had enough. After that, it was over for me."

As the creditors were leaving the loan-killing meeting, one put it even more succinctly:

"That," he proclaimed loudly, "is the end of L.B. Nelson."

Nelson's back to the wall —the brush with bankruptcy

On Friday, Oct. 4, 1974, Les Nelson called to order what would be the single most important business meeting of his life: His board of directors was to decide whether the company should die.

The board was considering Chapter 11. Hindin and two of his key operating officers were in the board room; they felt Chapter 11 was the only viable course. Nelson, the chairman, adamantly and almost desperately opposed it.

The other four directors seemed undecided.

The argument for Chapter 11 was that it would at least give the company temporary relief from its bills. Whenever Nelson suggested some positive action to take, the others thought he was, as one later said "pipedreaming."

Lawrence Goldberg, the bankruptcy attorney from San Francisco, had driven down the Peninsula to the company's headquarters in Menlo Park; he was a familiar face by now.

Goldberg reviewed once more the complexities of the bankruptcy law and what they would mean for Nelson Corp. He detailed the extreme danger:

- Negative net worth was now approaching $10 million.
- The bulk of the company's remaining assets was in two dozen sale-leaseback arrangements. A quirk in those agreements meant the company's equity in them would vanish in a bankruptcy, doubling the negative net worth.
- What that would mean, Goldberg's scholarly review made clear, was the death of the company.

The directors wrangled all day long, then continued the discussion to the next day. They agreed they would make their decision Saturday.

Nelson got home around 9 p.m., drained by the day's events and by the dismal outlook for the morrow. He had built a company and given it his name. It represented his reputation. And now he might have to watch it die.

And there was another matter: his personal guaranties on loans that still totalled $25 million.

Nelson remembers sitting down, exhausted, and wondering, Am I really going to give up?

The answer, he swears, was: Hell no.

He went to his desk and began preparing what he would say and do at the showdown meeting the next day. It was 1 a.m. before he was finished.

Nelson forces a showdown: 'I want your resignation'

On Saturday morning Les Nelson was in no mood to leave much to chance—or to other people's decisions.

At company headquarters he called the meeting to order again. Then he insisted on reading his ultimatum into the minutes. He pointed out in it that:

- Chapter 11 would almost surely destroy the company.
- This could not possibly be in the stockholders' interest.
- It was the directors' duty to protect that interest.

Then Nelson threatened a stockholders'

uit if the board declared bankruptcy.

The wrangling over Chapter 11 ceased.

"By the end of that day," Nelson recounts, 'you couldn't have gotten any of those lirectors to file bankruptcy under any conlitions."

Next, Nelson made it clear that he wanted o return to active management.

The board, however, found itself in a bind on that score. How could the directors vote Nelson back in as president after the crediors had insisted that the same directors vote him out. And suppose they did vote him back in and the company went bankrupt anyway?

So Nelson went proselytizing among the enders, looking for support. He found it; some had not really wanted him out in the first place. Most had by this time given up on Nelson Corp. as a hopeless situation, so some who had opposed him before were willing to let him try again; they felt they had nothing to lose in any case. Some were still lukewarm, but at least none opposed him.

So Nelson went back to Hindin and sat down in front of the president's desk—his desk.

"I want to come back," said Les, "either the easy way or the hard way (if necessary, a shareholders' meeting and proxy fight). And I want your resignation."

But there was to be no struggle: Hindin was not inclined to fight. He agreed that Nelson should have a crack at saving himself.

The corporate attorney drafted a letter of resignation, and Hindin gave it to Nelson, signed, the next day.

By the time Nelson went to the board again, he also had in hand the resignation or promise of resignation of the other two key officers.

It took only an hour to vote Nelson back.

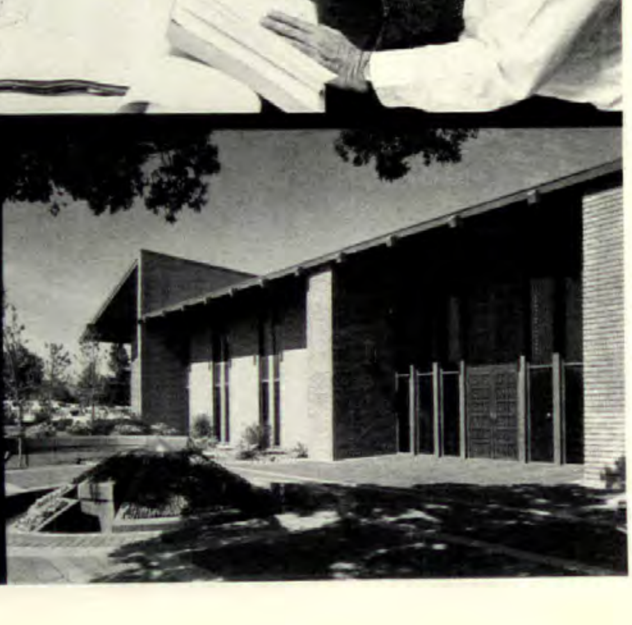
Les back in the saddle—the company takes the bit

When Nelson sat at the president's desk again, it was Nov. 22, seven weeks after the board had considered bankruptcy.

"The company had $75,000 in the bank," he recalls, "and a $50,000 payroll every two weeks. We were already delinquent on property taxes and $400,000 more was coming due Dec. 10."

DENNIS GALLOWAY

Conference with new team is a weekly routine. Nelson meets in president's office with, from left, John R. Carter, exec. v.p., finance and administration; Howard A. Brown, v.p., industrial/commercial; Richard T. Crane, v.p., special projects; and, far right, Matthew A. Little, president of northern California building subsidiary.



Headquarters of Nelson Corp. in Menlo Park, San Francisco suburb.

And foreclosure had been started—on The Old Mill.

"I called all the employees to a meeting," Nelson explains. "Morale was shot. Our suppliers would call to check on something, and after three words our employees would ask, 'By the way, do you have a job open?'

"I told the employees the company was going to make it, and I offered anyone who didn't think so two weeks' severance on the spot.

"They seemed delighted that I was so frank—even though I told them some people would have to be cut, and those who stayed would have to do 125% of their jobs." (Nearly a quarter of them would be gone by Mar. 15, 1975.)

The accounting department then worked up a list of Nelson's assets.

It came to $16 million, mostly notes and receivables from the sale-leasebacks.

"Hell, we're not broke," Nelson exulted. "We've been looking at the hole in the doughnut."

He started calling investors in the sale-leasebacks to ask for prepayment. He negotiated, cajoled, offered discounts. By Dec. 5, enough of them had agreed to prepay to cover the $400,000 tax bill.

Then he concluded the sale of his headquarters building and leased back space.

He called all suppliers and contractors, assuring each he would be paid.

And he went to the company's out-of-state projects, working out the best way to wind down the money losers. The only really profitable operation was the townhouse condo conversion project in Houston, which he left undisturbed. (It would be closed out successfully the following summer.) By year's end, the company had bank balances of $1.1 million.

With breathing space now, Nelson turned to his major creditors.

Dealing his way back—'We'll fight you in court'

For the next six months Nelson immersed himself in negotiations with lenders all over the country:

- With American-Hawaiian, which had a $3-million unsecured note from Nelson's purchase of The Old Mill and mounting bills for Nelson's half of the Baywood deficits.
- With Chase Manhattan Bank of New York City, principal lender on The Georgian Colonies, which Nelson was trying to discard.
- With Boston's C.I. Mortgage Group, which was foreclosing on a property and wanted to hold the Nelson Corp. to a $1.4-million loan guaranty the company had made on the project.
- With the holders of about $1.8 million

in small, unsecured notes given by Nelson Corp. for land parcels in California.

- With Union Bank in Los Angeles, with its $2-million unpaid line of credit, its $7 million in loans on The Old Mill and $5.3 million or so in other construction loans.
- And most important, with the holders of the company's $7 million in unsecured, subordinated debentures: Morgan Guaranty ($3 million) in New York, Chase Manhattan's REIT ($2 million) in Boston, National Life Insurance Co. of Vermont ($1 million) and Continental Illinois Realty ($1 million) in Chicago.

At first glance, Nelson seemed to have very little going for him. But he did have good timing. It was now the end of 1974, not the beginning, and the building industry's distress was at its most intense. A certain world-weariness had set in among lenders; they would at least be in a mood to listen.

Nelson went to American-Hawaiian about Baywood, now deep in the red. American-Hawaiian's best chance to recoup was to hold on; Nelson's best chance for survival was to get out from under. The solution was obvious: The two partners dissolved the joint venture, turned all of Baywood over to American-Hawaiian, and wiped out Nelson's IOUs for past deficits—$1,837,907 in 1974 alone.

When he turned to Chase Manhattan about The Georgian Colonies, Nelson found he was lucky; the bank had located a company in New Jersey eager to take over the project and other remaining Nelson assets around Washington, D.C. Nelson gladly set the properties up as a single subsidiary so Chase could merge them into their client. "We pulled about a quarter million dollars in cash out of that," says Nelson proudly.

C.I. Mortgage Group, however, had to be handled differently. Nelson remonstrated that the best course was not foreclosure. Better to leave their project with the company, fund it to completion, and take in return all the receipts, less a work-incentive fee for Nelson Corp.

Nothing doing, said C.I.

Then take the deed in lieu of foreclosure, offered Nelson, and waive deficiencies and our $1.4-million guarantee.

Nope.

Then, he told them, we'll fight you in court, which will tie the property up for years. "There's no way we can survive without a clean company," Nelson insisted, not for the last time.

C.I. tested Nelson's will to fight all through the winter and into spring. But it apparently decided a guaranty from a company known to be insolvent was not worth all that trouble. The lender settled for just the deed.

Dealing with the holders of the $1.8 mil-

Apple of Nelson's eye is the lushly appointed Old Mill. The indoor atrium of the specialty center is shown here along with a view of the exterior. The 170,000-sq.-ft structure will hold 60 shops, eight or ten restaurants and six theaters, and will draw on conventional malls on both sides, three nearby freeways, and 330,000 people living within a five-mile radius.

PHOTOS: DEL CARLO PHOTO

ion in small, unsecured notes was, by comparison, far more pleasant, largely a matter of pure horse trading. One took his land back; the rest obviously preferred viable sale-leasebacks to notes from an insolvent builder. The sale-leasebacks in fact were worth quite a bit to these lenders.

Nelson came out of the transactions adding about a third of the $1.8 million—$614,000—onto his company's net worth.

He found Union Bank more difficult.

The bank would take two sale-leasebacks in exchange for the $2 million and its accrued interest. Since the leasebacks were carried on the books at only $721,000, this deal was very attractive. It would immediately add about $1.9 million to the Nelson company's net worth. But there was going to be a catch.

The catch was the Old Mill. Nelson had to allow the bank to finish the foreclosure it had started in November.

Nelson Corp. had put $7.6 million into it; the bank would wipe out a $7-million loan—leaving Nelson a $600,000 writeoff.

"I told them I didn't think they should do it," comments Nelson on the foreclosure and takeover, and circumstances would later prove him right.

But meanwhile, and despite the stiff price, Nelson needed to have that unsecured debt cleared off; he let go of The Old Mill.

Even this deal, however—as important as it was—was only a sideline to the main action.

Challenge to financiers: 'I'll give you half the company'

In December 1974, Nelson went to New York with the two biggest lumps of unsecured debt on his mind: the $3 million-plus that was still held by American-Hawaiian from Nelson's purchase of The Old Mill property and the $7 million in subordinated debentures.

Ken Leventhal was also in New York. They met in Nelson's hotel room.

'Ken," Nelson recalls saying, "I am going to see my New York bankers and get them to take stock for unsecured debt. That or a long-term loan."

Each man gives the other much credit for working out the shape of the plan. The two went the rounds of the lenders' offices and talked to each in turn.

"What do you want to do?" The lenders asked.

"I want to give you half the company for your debt," Nelson replied.

"So of course," recounts Nelson, "after they fell off their chairs, I got them up again, and they agreed that it was a workable solution."

Workable in principle, that is. In practice, it took until June to get through all the haggling.

Eventually, the two sides found common ground in a preferred stock, convertible into common, with delayed dividends.

"You can't imagine the details," says Nelson. "You've got to get five major lenders all agreed on one plan, with all their separate attorneys and accountants and tax problems. It was an absolutely hair-raising experience."

The deal was signed in early June.

"Persistence pays off," concludes Nelson.

It does indeed. When Nelson Corp.'s accountants worked up a pro forma balance sheet to reflect all the changes, they found that Nelson had transformed a negative net worth of $9,959,081 into a positive net worth of $4,234,000. And for the first time in a year and a half the company was able to bring a profit down to the bottom line.

"We still don't see how he did it," says an admiring officer of Continental Illinois, "We can't quite figure it out."

A deal salves the ego: re-buying The Old Mill

Nelson wasn't finished.

He called Union Bank to ask how his pet, The Old Mill, was coming along.

Union Bank was glad to hear from him.

"We aren't shopping center operators," explained the bank.

Says Union's Senior Vice President Marlow Gregors:

"Les had already found some potential tenants... We had considered building it out ourselves and leasing. [Then] we had considered hiring other people to do it for us . . . We pursued the bulk sale route, got several offers to buy it as is for $4.5 million to $5 million—*with* favorable financing by us. This was unacceptable."

Nelson resharpened a pencil. He did not have an infinite supply of sale-leasebacks, but there were some left in the bag. He lined up enough to make $5 million. Then he remembered Prudential Life Insurance Co., which had given the project a $6.9 million long-term takeout commitment two years earlier. Nelson figured he could offer the bank $1.5 million from that commitment to go with the leasebacks.

The previous September, Union Bank had refused to lend part of the $1.5 million to an insolvent Nelson Corp., and now, in July, a solvent Nelson Corp. was offering a full $1.5 million to the bank. The turnaround was not lost on the lender:

"That money was a very meaningful consideration to us," says Gregors.

The deal went through, and Nelson tapped Prudential for the money—on the very last day of the commitment.

The long climb back: Eye still on the summit

"Les has bought some time," says Harry Lee, the former director of the company. "What he does with that time is what's important now."

What he is doing is laying the groundwork for a new L.B. Nelson Corp., even as he finishes up the last building commitments of the old. There is one more metamorphosis coming.

This time, Nelson Corp. is a regional builder again, operating up and down the West Coast; it is diversified; it is on the lookout for new fields to grow into—but it is very cautious.

"We're in a very easy financial position right now," says Nelson. "We don't need any cash.

"Our corporate overhead is low—we project it under $1 million for 1976, before bonuses—and, of course, with our tax-loss carry-forwards, we will have no income taxes to pay.

"I'd rather be in only a few geographical areas and in a lot of different fields of building than spread across the country with just one field."

Right now, he is sticking to the West Coast, building or planning to build soon in Seattle, San Diego and on his home ground of northern California.

His projected product mix includes single-family homes of all types—townhouse and detached, fee simple and condominium. It also includes industrial/commercial renovation; rehab and marketing services for lenders with problem projects on their hands ("we've got a lot of experience"); apartment management (a holdover from the old days); and, of course, The Old Mill, now in the leasing stage.

And what of Nelson's own area of expertise, apartment construction?

"You can't make any money in it now," he says. "I think it'll be a great market again someday, and we have plans to build more apartments when it comes back. We're looking for options to buy land right now . . .

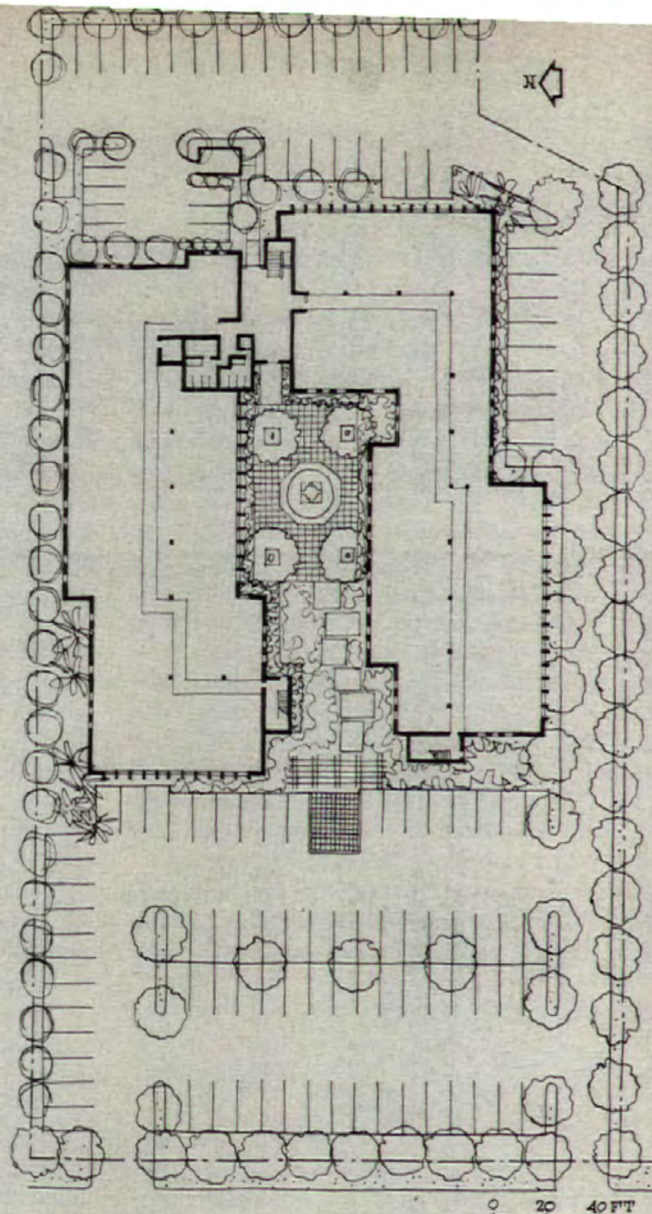
"But we can't dare to build anything now. The market for it is at least 18-24 months away.

"We won't build until the timing is right."

On the other hand, he has his longtime love, The Old Mill, to occupy him. "I'm handling it myself; it's a key project for us."

Listening to Nelson talk about his company today makes it clear that he has learned one of homebuilding's toughest lessons. It is learned not by the losers but by the winners: how to survive. That means he'll be around awhile—and may yet be back on top.

—HAROLD SENEKER



This offi

Two-story office building was designed by architect Matt Copenhaver for a two-acre site in a residential neighborhood. U-shaped plan encloses a landscaped courtyard *(above)*. Exterior is resawn redwood plywood with redwood trim. Landscape architect was Anthony M. Guzzardo Associates; general contractor was Woodruff Construction Co.

omplex rented out fast-but not until tenants saw the finished job

MERG ROSS

H&H STAFF

Preleasing efforts fizzled—so badly, in fact, that only 600 sq. ft. were rented when the 50,000-sq.-ft. building opened.

"After such a slow start, we allowed ourselves another 18 months to reach break-even, which was about 85% occupancy," recalls project manager Drew Juvenall.

As it turned out, Juvenall was needlessly pessimistic. He reached 90% occupancy in six months and 100% in less than a year.

The building, Park Marin Office Center in Corte Madera, Calif., was built for sale by Kenneth E. Niles Development Co. of Sausalito in partnership with Kaiser Aetna of Oakland. Kaiser Aetna provided construction funds, arranged for permanent financing and negotiated the sale of the building to a syndicator, IMA Financial Corp. of San Francisco. Niles then took on a three-year management contract for a fee of 3% of rent collections.

Reasons for Park Marin's quick lease-up:

A highly visible location. It's 20 minutes north of downtown San Francisco and next to a freeway that is glutted with commuters who live in Marin County and work in the city. Juvenall's big sign—"Park Marin Office Center—Now Leasing"—could be seen in both directions, and its suggestion was obvious: Why fight your way to and from the Golden Gate Bridge every day when your office could be right here? Those commuters proved to be Park Marin's prime market: Key executives of all the building's present 44 tenants live within a five-mile radius.

Minimal competition. Park Marin is six miles closer to San Francisco than any of its strongest competitors. Only one comparable office complex—a two-story building with wood exterior—is closer to the city.

"But that one is lower in quality," says Juvenall, "and can't be seen from the freeway. We've lost just one tenant to it." A newer complex, still under construction, will also be closer to the city, but rents will be higher than Park Marin's.

A wide choice of office sizes. Tenants' spaces range from 150 to 12,000 sq. ft., accommodating one-man companies in 10'x15' offices as well as the Pacific Telephone Company's 50-employee Marin County business office in half of the building's top floor. One reason for such flexibility: Bay depths (distance from corridor to outside wall) range from 15 to 30 ft.

Leasing aids for prospective tenants. To help prospects visualize contemplated space arrangements, Juvenall provided them with a glass-overlaid plan and let them sketch the possibilities with a grease pencil. For greater precision, he gave them miniature furniture to move around on their sketches.

To help prospects visualize the actual space, Niles installed all carpets, drapes and ceilings prior to occupancy. Two carpet styles, shag in one color and tight weave in another, were alternated to give prospects an option.

Niles also stockpiled movable partitions in advance of move-ins so spaces could be finished fast. To provide choices, he bought vinyl-clad partitions in three colors, 75% in white grasscloth and 25% in accent colors of gold and nutmeg.

Eventually, only a few major improvements were required—a kitchen for the telephone company, for example, and sinks for a 2,100-sq.-ft. doctor's office.

A built-in suburban environment. The two-story, U-shaped building encloses a courtyard where landscaping includes a reflecting pool, a weeping willow tree, and a brick pathway winding beneath wooden trellises and hanging plants. A long deck, cantilevered from the second floor, provides space for outdoor lunches and sunning.

Recreational amenities. Tenants have the use of a gymnasium, showers, sauna, putting green and even a water bed lounge in the ladies' room. The only amenity that isn't used regularly is the putting green—"a complete bomb," says Juvenall, "maybe because it's in a rather remote location at an outside corner of the building."

Good fortune. "Getting the telephone company to lease that 12,000-sq.-ft. space in the first six months was pure luck," says Ken Niles. The space had been left open for a large tenant, and Juvenall had promoted it as a legal office center by sending a mailer to every member of two bar associations. There were no takers.

In other efforts to prelease the building, Juvenall 1) contacted every insurance company in the area through personal calls and three mailings, 2) distributed brochures throughout San Francisco office buildings, 3) sent brochures to a yacht club mailing

TO NEXT PAGE

Lobby has two outside entrances—one through glass door *(right)* at rear of building, the other through double doors *(below)* that open off courtyard. Luminous ceiling provides lighting. Flooring is vinyl asbestos tile.

PHOTOS: MERG ROSS

list, 4) hosted a cocktail party in the nearly completed building, and 5) manned a temporary leasing trailer during the last six months of construction.

"I even tried to get a list of Marin County residents who work in the city," he says. But that effort, like all the others, drew a blank.

"All our prospects held back," says Juvenall. "Maybe the preleasing campaign helped warm them up, but they didn't start signing until they were able to see the finished building." Once leasing started, Juvenall made sure that the local newspaper announced each new major tenant in its business column.

Preleasing aside, the developer faced one early problem. Nearby homeowners fought Niles' efforts to develop the site for two years until he finally presented a design that satisfied them.

The successful architect, Matt Copenhaver & Associates of San Francisco, was the third one to try to come up with an acceptable proposal.

"We broke down the scale of the building," says Copenhaver, "and covered it with redwood plywood siding and trim. All of the exterior wood, including the fir studs, is pressure-treated for fire resistance. So we ended up with a good rating from the insurance company as well as from the neighbors."

Rents, averaging 72¢ a sq. ft., include a "load factor" of 10.9%, which is the tenant's share of common corridor space. Tenants' areas are measured from the glass line of their windows to the center of the common corridor—standard practice in the Marin County market.

"We pick up an extra 4 ft. that way," says Juvenall. Net rentable area for the 50,000-sq.-ft. building, including the corridors, is a very efficient 46,355 sq. ft.

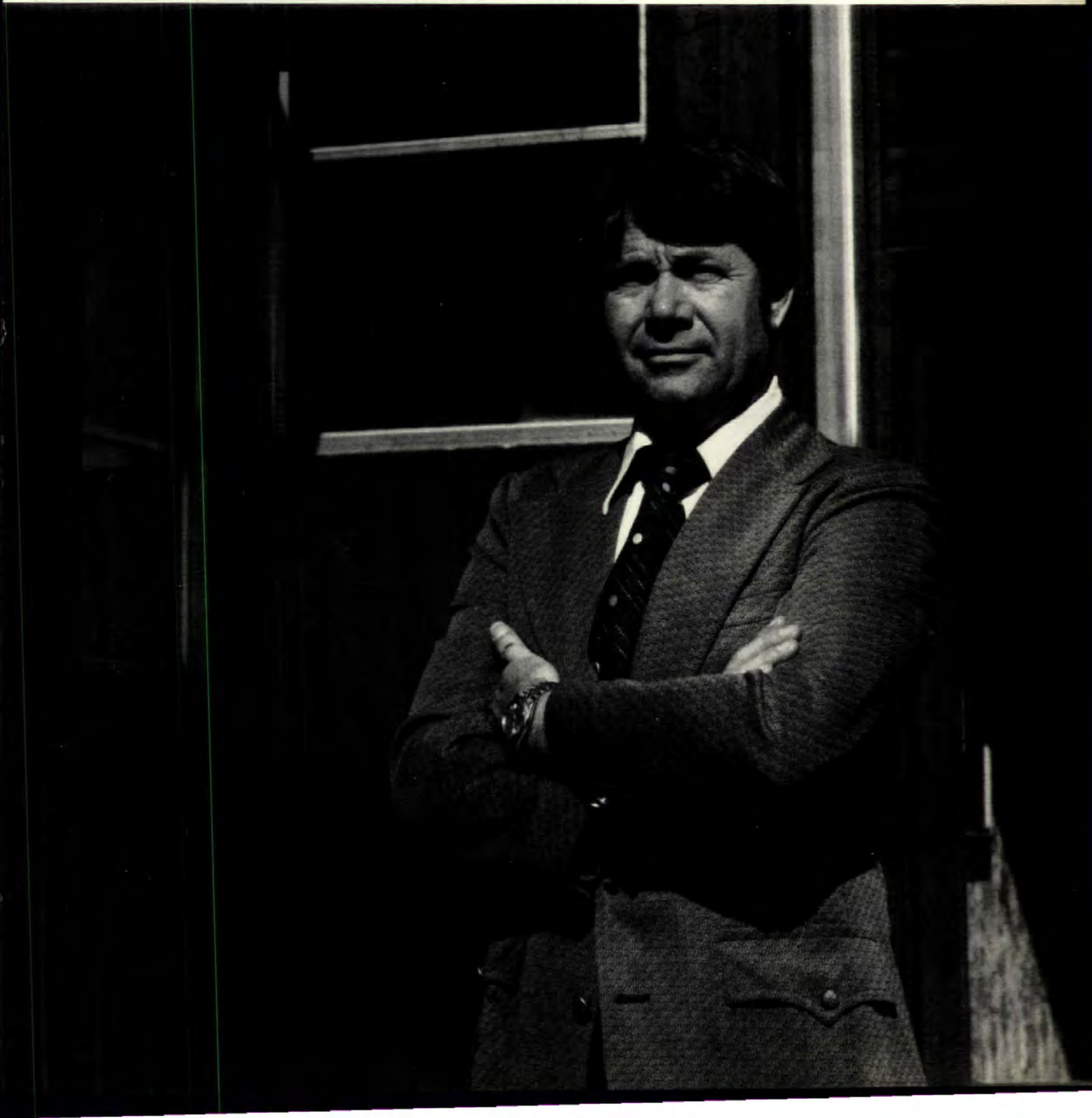
Rent includes janitorial service, utilities and parking. The site has only 122 outside parking spaces but 75 spaces were added through a reciprocal parking arrangement with an adjoining movie theater.

Except for the telephone company's ten-year lease, most leases are two to three years, and some tenants have an option to cancel after one.

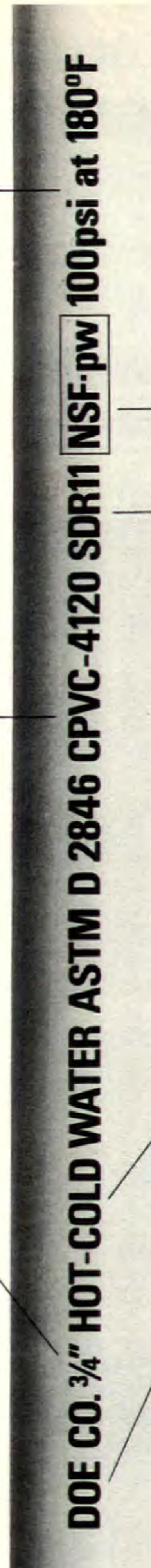
To hold down turnover, Juvenall tries to keep potential problems from becoming major causes of discontent. One example: He stresses to tenants before move-in that their partitions are sound-deadened but not soundproof.

"No movable partition is soundproof," he says, "and if you imply that it is, you can expect chronic complaints about noise from then on."

Juvenall also asks multi-employee tenants to appoint one person as complaint spokesman to save time and repetition. "The most frequent complaint is temperature," he says. "Women insist it's too cold. Men say it's too hot. We settle that argument fast by arriving on the scene with a large thermometer." —H.C.W.



This pipe is trying to tell you something.



Pressure rating

National Sanitation Foundation Seal NSF-pw

Standard Dimensional Ratio

Chlorinated Polyvinyl Chloride (Type 4, Grade 1—2000 psi design stress at room temperature)

Markings not required by ASTM D 2846. May include manufacturers trade name or this marking.

Nominal tube or pipe size

Pipe Manufacturer

What you see printed on CPVC pipe for hot and cold water is only part of the story.

The ASTM designation indicates the product standard, the NSF seal indicates a continuing certification program.

You'll find these markings at least once in every five feet. Beyond the assurance they give, it's important to know that CPVC hot and cold water pipe made of Geon® CPVC is backed by 13 years of experience. Pipe and fitting manufacturers have been using this material since 1962.

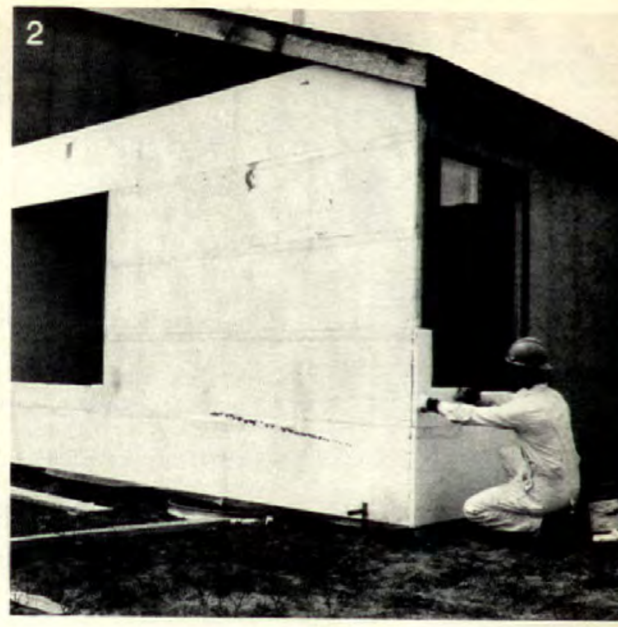
For more information on CPVC pipe in hot and cold water installations, contact B.F.Goodrich Chemical Company, Dept. H-36, 6100 Oak Tree Boulevard, Cleveland, Ohio 44131.

B.F.Goodrich **B.F.Goodrich Chemical Company**

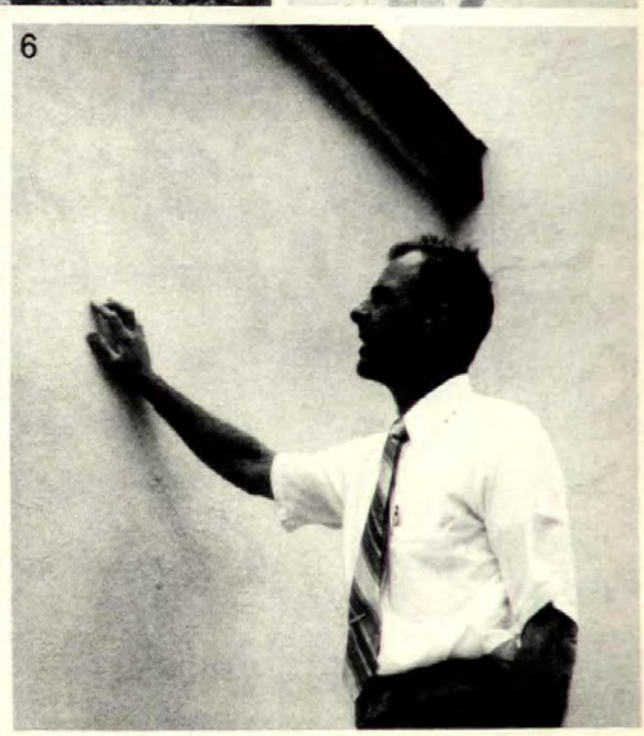
CIRCLE 92 ON READER SERVICE CARD

PRODUCTS

94 Interior Environment
96 Kitchens
104 Kitchens
105 Kitchens
106 Tools & equipment
107 Tools & equipment
108 Interiors
110 Doors & windows
112 Doors & windows



Insulation system is also an exterior finish

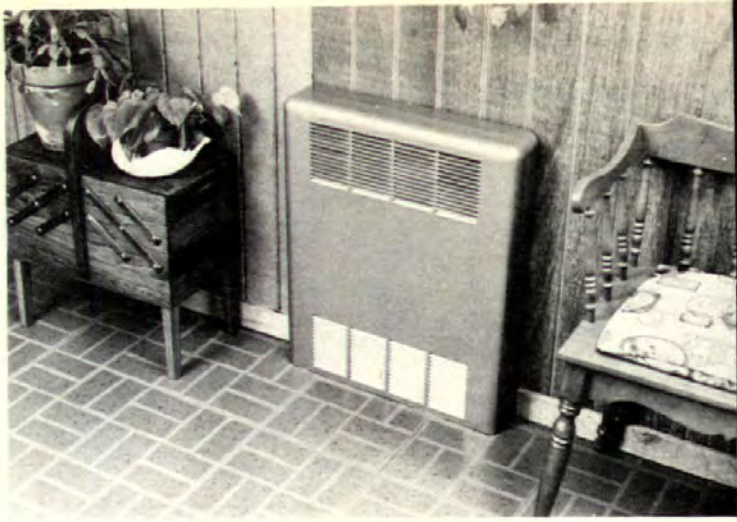


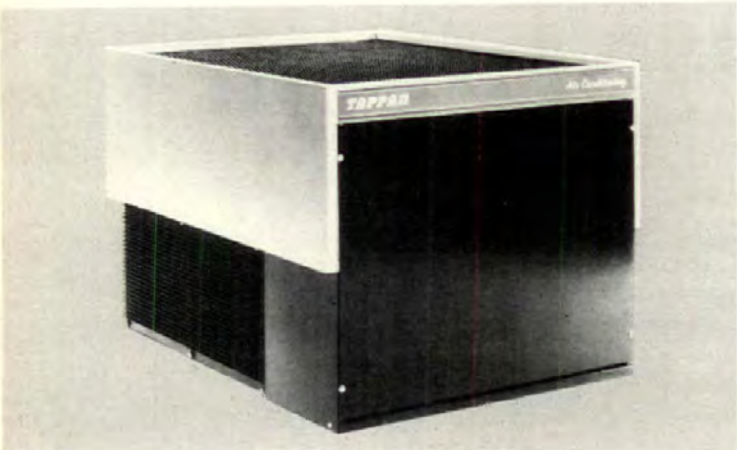
Zonolite® Thermoclad™ is a highly efficient insulation system that also produces a stucco-like exterior finish. The system with a U-value of .10 envelops the structural wall with insulation. Wall retains a fairly stable temperature, minimizing HVAC cycling during daily temperature swings. The simple installation begins with the application of an adhesive to the exterior face of gypsum wallboard (1). Then a styrene foam insulation board is set into place (2). This material is laminated with fiber glass mesh for strength and crack resistance. A primer is applied next (3 & 4), and finally the finish coat is spread over the primer using a trowel or machine (5). The texture (6) varies according to the tool used to apply the finish coat. W. R. Grace, Cambridge, Mass.

CIRCLE 275 ON READER SERVICE CARD

Radiant ceiling-fan heater is for use in small rooms where quick response heating is required. The plug-in steel "Nelco RC" unit is available in 220- and 240-V models. A built-in fan and reflector evenly distribute the heat. An automatic shut-off prevents overheating. Square D, Lexington, Ky. CIRCLE 248 ON READER SERVICE CARD

High-efficiency condenser for central air conditioning systems uses less electricity than conventional units. Offered in five models from 19,000 to 44,000 Btuh, two-speed condensers have EERs ranging from 8.0 to 9.5. Tappan, Elyria, Ohio. CIRCLE 249 ON READER SERVICE CARD





Surface-mounted heater, "Twin-Flo," provides the Btu equivalent of from 9' to 20' of conventional baseboard plus the advantage of zone control. Unit attaches easily to walls in a minimum of space. Beacon Morris, Boston, Mass. CIRCLE 251 ON READER SERVICE CARD

"WattSaver" electric heating system delivers more than three units of heat for every unit of electricity used. Designed for heating only, the WattSaver can be installed without affecting existing cooling system. Janitrol, Columbus, Ohio. CIRCLE 252 ON READER SERVICE CARD

Electric baseboard heater provides hot water heat without plumbing. The self-contained unit has hot water circulating in it through hermetically sealed copper tubes. Ideal for hard-to-heat areas, units are easy to install. Intertherm, St. Louis, Mo. CIRCLE 250 ON READER SERVICE CARD

"Fuel/Saver" room thermostat, "Patriot," features a pushbutton temperature setback for day or night use. The "Hi" setting is for use when room is occupied. "Lo" maintains a cooler temperature when room is not in use. Ammark, Fair Lawn, N.J. CIRCLE 253 ON READER SERVICE CARD

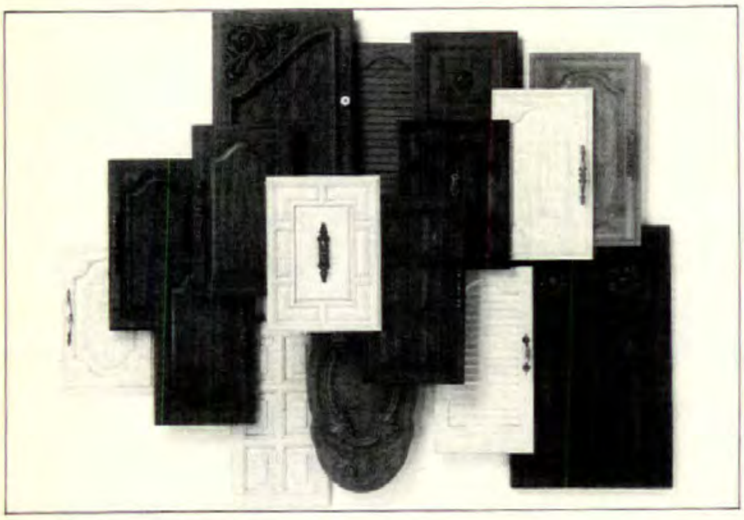
Through-the-wall room air conditioner features an energy-saving automatic fan and thermostat setting options. Units have washable filters and all-weather cabinets of galvanized steel with baked-on polymer finish. Whirlpool, Benton Harbor, Mich. CIRCLE 254 ON READER SERVICE CARD

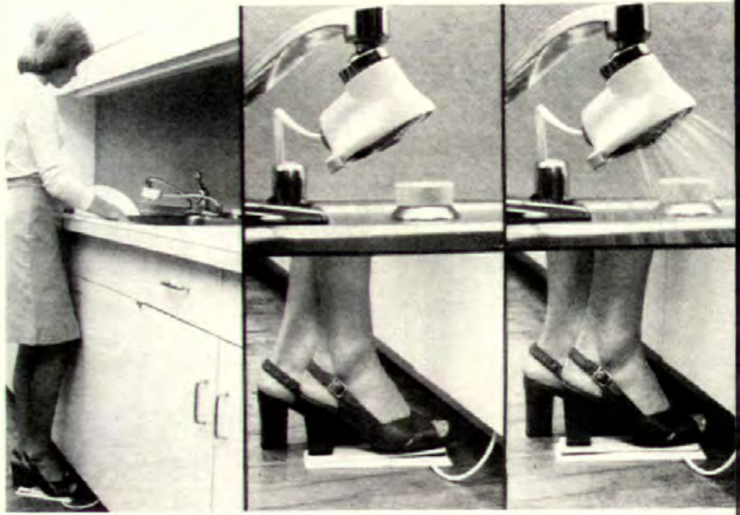
Compact upright freezer with a 9-cu.-ft. capacity has flush-type door handles and a magnetic door latch. Unit with grill-type shelves and a slide-in storage basket has a walnut-grained vinyl-finished door. U-line, Milwaukee. CIRCLE 206 ON READER SERVICE CARD

Door and drawer fronts with the look of traditional wood are molded urethane over tubular-steel-reinforced fiberboard. Offered in a full range of sizes and a choice of styles, units are easy to maintain. Durawood, Philadelphia, Pa. CIRCLE 207 ON READER SERVICE CARD

Three-in-one 30" compact kitchen includes a 6-cu.-ft. refrigerator, a porcelain enamel sink and a two-burner cooktop. Unit with a welded metal base and a laminate counter-top comes in a choice of colors. Cervitor, South El Monte, Calif. CIRCLE 209 ON READER SERVICE CARD

"Rainbow" faucet attachment reduces water consumption. The Celcon unit, consisting of a valve body with a swivel spray head, is activated by a foot pedal control. Water flows when pedal is depressed. Conservacon, Staten Island N.Y. CIRCLE 210 ON READER SERVICE CARD

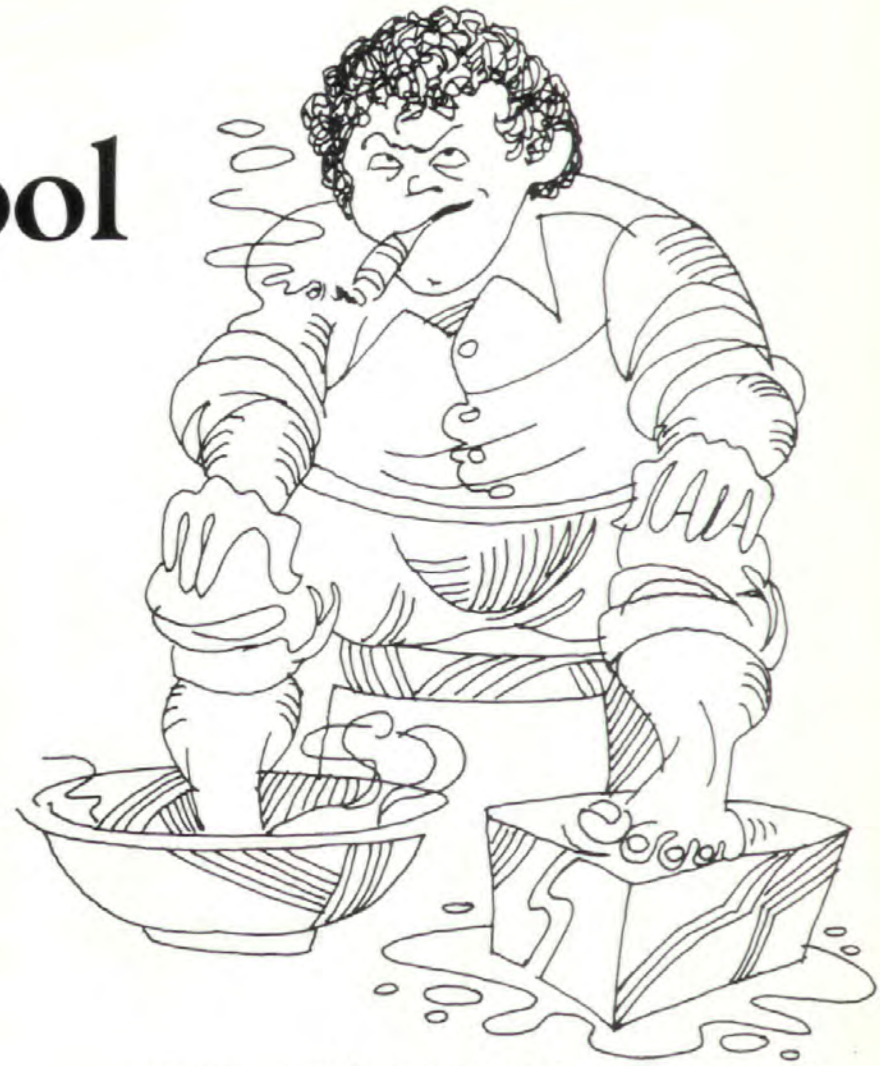




Efficient electric range has a self-cleaning oven, an automatic cooking control, a meat probe and a rotisserie. Easy-to-maintain unit features black glass styling and a control panel with a digital clock. Caloric, Topton, Pa. CIRCLE 208 ON READER SERVICE CARD

No frost, three-door refrigerator/freezer has an ice and water dispensing system. Textured steel doors, an exterior night light in the dispensing area and interior lighting are also special features of the 25-cu.-ft. unit. Whirlpool, Benton Harbor, Mich. CIRCLE 211 ON READER SERVICE CARD

E. C. Keys can heat you up. Cool you down. And absolutely floor you!



We've expanded. Into a lot of new locations. That means more people to serve you... with a terrific selection of new products.

In Maryland, Washington, D.C., and parts of Virginia, West Virginia and Delaware, we're now the distributor of quality Fedders heating and air-conditioning systems. Congoleum flooring products, too. And, we've even expanded our well-known line of masonry and gypsum products—distributing from Baltimore, Washington, and Richmond.

Now, more than ever, we've got what you're looking for. So, if you are thinking about starting a new construction project—look to Keys for brick, windows and patio doors, fireplaces, roofing materials, cement and gypsum, fuel oil, specialized exterior coatings, paints, stains, masonry, steel bi-fold doors... and... well, literally hundreds of other building supply materials.

And nearly all are ready for immediate delivery.

E. C. Keys and Son. Now one of the nation's largest wholesale building supply firms. Call your Keys area manager. His number is listed below. He'll have what you're looking for.

We've got what you're looking for.

E C Keys & Son

Corporate Headquarters:
9015 Brookeville Road
Silver Spring, Maryland 20910

Toms River, N.J. 201/349-1776	Baltimore, Md. 301/792-7930	Beltsville, Md. 301/937-8600	Silver Spring, Md. 301/589-1771	Springfield, Va. 703/941-2900	Richmond, Va. 804/644-2991

House & Home presents Dave Stone's new book on how to turn wavering prospects into confident homebuyers

258 pages
7½" x 10½"
$19.95

Dave Stone, President of The Stone Institute, Inc., enjoys a national reputation as realtor, author, lecturer, salesman, sales trainer, sales manager and sales consultant to builders, developers, realty and financial firms in the housing field.

His mastery of selling strategy, selling tactics and selling lines derives from perceptive insight on what really happens when salesman and prospect meet. In plain, simple language, Dave Stone describes the nature of these reflex reactions and how to cope with them successfully.

As an outstanding professional in face-to-face selling, Dave Stone knows exactly what it takes to turn wavering prospects into confident buyers.

In his new book on HOW TO SELL NEW HOMES AND CONDOMINIUMS, Dave distills over thirty years of rich and varied selling experience as salesman, sales manager, sales trainer and sales consultant.

Dave Stone digs deep below the surface to give you a clear picture of how buyers and sellers react to each other. He shows both as factors in the human equation that tip the scale—and the sale—in one direction or the other.

HOW TO SELL NEW HOMES AND CONDOMINIUMS is a basic book about *people*—the people who *buy* homes from the people who *sell* homes. It brings to sight all the hidden worries, fears and hopes that motivate buyers and sellers alike. It shows how these powerful emotions bounce back-and-forth between buyer and seller. And it reveals how the salesman's own attitudes, moods and expectations become part of his own selling problem.

With style and wit, Dave Stone describes the thinking, planning and understanding behind successful strategy, selling tactics and selling lines that make the sale.

HOW TO SELL NEW HOMES AND CONDOMINIUMS was written not only to guide ambitious beginners, but also to update highly professional salesmen on the whole new set of problems involved in selling condominiums.

Worth the price of the book itself is the chapter on Selling Against Competition which compares buyer advantages of each type of housing to the disadvantages of each other type of housing. It provides instant leverage in knowing exactly how to approach almost anyone in the market for a new home or condominium.

That extra sale is all it takes to re-pay your investment in Dave Stone's new book on HOW TO SELL NEW HOMES AND CONDOMINIUMS over and over again. Make Dave's ideas work for you. Fill in the order form below.

SALES STRATEGY THAT WORKS

49 ways to help buyers with equity financing
54 ways to judge competitive location, design, construction quality & financial factors
Sales strategy for scattered sites
6 ways model homes can increase sales volume
Logical sequence for visual aids
Use of calendars, log books and lot-holds
The worst place for floor plans
How to isolate selection and material exhibits
Typical Builder Control Manual for openings
Traffic Report Form to detect marketing problems
Subdivision Control System for materials

SALES TACTICS THAT WORK

How to dissolve buyer tension
How to finesse the complainer
How to set deadlines for decision
How to handle impossible requests for change
How to handle options without losing control
How to reduce major problems to minor factors
How to ask the questions they want to answer
How to create a sense of urgency
How to relate floor plans to living requirements
How to set up return visits
6 knockout questions for openers
8 typical closing questions
95 sales slants for 46 common expressions

SELLING AGAINST COMPETITION

Buyer Advantages Buyer Disadvantages
New home vs Re-sale home
Production home vs Custom home
Custom home vs Production home
Conventional home vs Mobile home
Owning vs Renting
Condominium vs Single-family
Condominium vs Townhouse
Single-family vs Condominium
Townhouse vs Condominium
Townhouse vs Single-family
Low-rise vs High-rise
High-rise vs Low-rise
Small community vs Large community
Large community vs Small community

PROFILE OF TODAY'S HOMEBUYER

How decisions are made: the balancing act
Obstacles to decision-making
6 things that worry homebuyers
25 common objections and what they mean
19 buying signals and how to read them
Buyer options as competitive factors
Buyer Profile Guide to closing action
Buyer's Household Inventory List
Checklist for the buyer's big move

PROFILE OF THE SUCCESSFUL SALESMAN

The art of quick qualifying
How to control your effect on others
How to feature the buyer's perceived values
9 elements of siting you should know
14 types of construction knowledge you need
How to schedule the 600-minute salesday
Daily Work Plan for effective selling
Sales Procedure Checklist
Flowline of selling points for presentations
13 ways to enrich your prospect list
15 good thank-you gifts for buyers

Yes! Send me Dave Stone's new book on HOW TO SELL NEW HOMES AND CONDOMINIUMS
Enclosed is check for $19.95 payable to House & Home Press.

20% DISCOUNT ON 10 OR MORE COPIES

Mail this coupon with remittance to:

House & Home Press
1221 Avenue of the Americas
New York, N.Y. 10020

Your Name ____________

Firm Name ____________

Mailing Address ____________

City ________ State ________ Zip ________

HH-2/76

House & Home presents Carole Eichen's new book of interior design ideas to make your model homes and apartments sell and rent faster

156 pages
50 color photographs
100 drawings
10⅜" x 10⅜"
$24.95

Carole Eichen, prominent interior designer for the housing industry and Contributing Editor to House & Home.

Builders and developers turn to Carole Eichen—President and Chief Designer of Carole Eichen Interiors—for decorating ideas to match their market for condominiums, rental apartments and single-family homes.

Carole is one of those rare people who know people. With an uncanny sense of merchandising, she designs model homes and apartments in the mirror-image of what homebuyers are really looking for.

Next best to having Carole Eichen on your design staff is Carole Eichen's new book of design ideas on how to decorate for your particular segment of the market. Step-by-step, Carole walks you through the complex process of design decisions leading to that single telling moment when the prospect says, "Yes, I like it. I'll buy it."

Drawing from long years of experience, Carole tells not only *why*, but also *how* to put more sell into model homes and apartments.

Her best-selling designs are presented in clear-cut text illustrated with *fifty* large, full-color photographs, each accompanied by before-and-after schematic diagrams moving your mind from the design *problem* to the design *solution* to the ready-to-sell *results*.

HOW TO DECORATE MODEL HOMES AND APARTMENTS explains the key factors to be considered in creating best-selling interior designs for

• Kitchens	• Master Bedrooms	• Dens
• Bathrooms	• Children's Bedrooms	• Sewing Rooms
• Living Rooms	• Family Rooms	• Sales Offices
• Dining Rooms	• Built-ins	• Patios & Balconies

Presenting an array of interior design ideas adaptable to your own condominiums, rental apartments and single-family homes, this masterful guide also gives you special insight on the major elements of residential design: *color, lighting, built-ins* and *accessories*.

HOW TO DECORATE MODEL HOMES AND APARTMENTS also details the design decision-making process involving fundamental judgments on

- How to match interior decor to your markets,
- How to make interior design costs pay for themselves,
- How to keep abreast of current decorating trends,
- How to bring your models in on schedule,
- How to plan for effective model maintenance,
- How to coordinate salesmen with the marketing team, and
- How to put it all together for total impact.

Equally important to the workings of successful interior design are Carole Eichen's suggestions on what builders should expect of designers . . . what designers should expect of builders . . . how to draw up a good contract with the interior designer . . . how to control schedules, deadlines and the countdown for installations.

Inexpensive ways to avoid costly mistakes, budgeting do's and don'ts, and matching design to your market parameters are other practical aspects which make this new book an effective working tool for selling condominiums, rental apartments and single-family homes successfully in *any* locale at *every* price level.

Builders and developers who have profited from Carole Eichen's services would readily agree that your model homes and apartments will never look quite the same after you get your hands on this practical book of successful interior design ideas. Order the book today and add Carole Eichen's expertise to your own experience in selling homes.

Yes! Send me
Carole Eichen's new book on
HOW TO DECORATE MODEL HOMES AND APARTMENTS
Enclosed is check for $24.95 payable
to House & Home Press.

Mail this coupon with remittance to:

House & Home Press
1221 Avenue of the Americas
New York, N.Y. 10020

Your Name____________________

Firm Name____________________

Mailing Address____________________

City__________ State__________ Zip__________

2/76 HHP5

CONTENTS

PREFACE: ABOUT THE AUTHOR 7
INTRODUCTION: A PHILOSOPHY OF DESIGN 8

FUNDAMENTALS
Demographics: Matching interior design to your markets 10
Budgets: Making interior design costs pay for themselves 13
Decorator's Sources: Keeping abreast of current trends 15
Scheduling: Making sure your models are ready on time 16
Installation: Putting it all together 17

MAJOR ELEMENTS
Color: Turning the prospect on 20
Lighting: Creating motivating moods 23
Accessories: Adding the lived-in look 25
Built-ins: Helping the prospect relate 36

DESIGNING INDIVIDUAL ROOMS
Introduction: Planning for total impact 46
Living rooms: First impressions set the tone 48
Kitchens: Selling the lady of the house 53
Family rooms and dens: Havens for the weary 64
Dining rooms: Symbols of togetherness 64
Master bedrooms: They're more than sleeping areas 68
Children's bedrooms: A little whimsey goes a long way 73
Bathrooms: Glamour is the key 80
Patios and balconies: Bringing the outside in 84

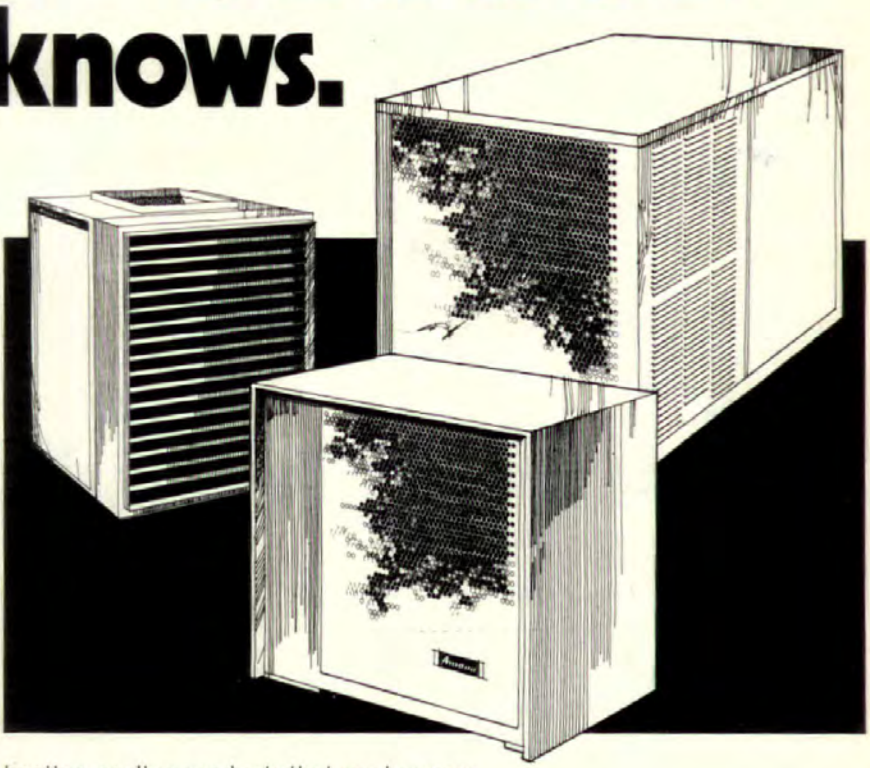
SUPPORTIVE ELEMENTS
Helping models make the sale: Back-up from salesmen and publicity 88
Model maintenance: Sloppiness can kill a sale 91
The sales office: Tie it to your models 93

CASE HISTORIES
Introduction: Putting the theories to work 98
Bradford Place: Low-price condominiums 99
Mission Viejo: Moderate-price single-family homes 108
Copperwood: Moderate-price condominiums 120
The Woodlands: Luxury condominiums 130
Coronado Shores: Luxury highrise condominiums 138
Deep Well Ranch: Resort condominiums 146
INDEX OF PHOTOGRAPHS 154

CIRCLE 129 ON READER SERVICE CARD

Who knows how to build reliable heat pumps that can save your customers 26% to 61%* in heating costs?

Amana® knows.



With almost 20 years' experience under its belt, Amana knows how to build dependable heat pumps. Reliability which can mean fewer call backs and greater profits for you. With Amana you can take advantage of our special sales, application and service training program that will make you a heat pump expert, too.

Choose from a complete line of package and remote heat pump systems including universal indoor sections with supplemental heat factory installed to fit any climate. Package units have space allowed in the unit for easy addition of strip heaters.

Each Amana heat pump has Amana's proven reliable time and temperature activated defrost control, rugged Powerpact compressor, and Amana-built coils that meet rigid performance standards.

Every Amana heat pump is factory assembled and run-tested for quick installation. You and your customers can count on dependable, carefree operation.

At Amana we think you should know what we know about quality energy saving heating-cooling products that can increase your sales and profits.

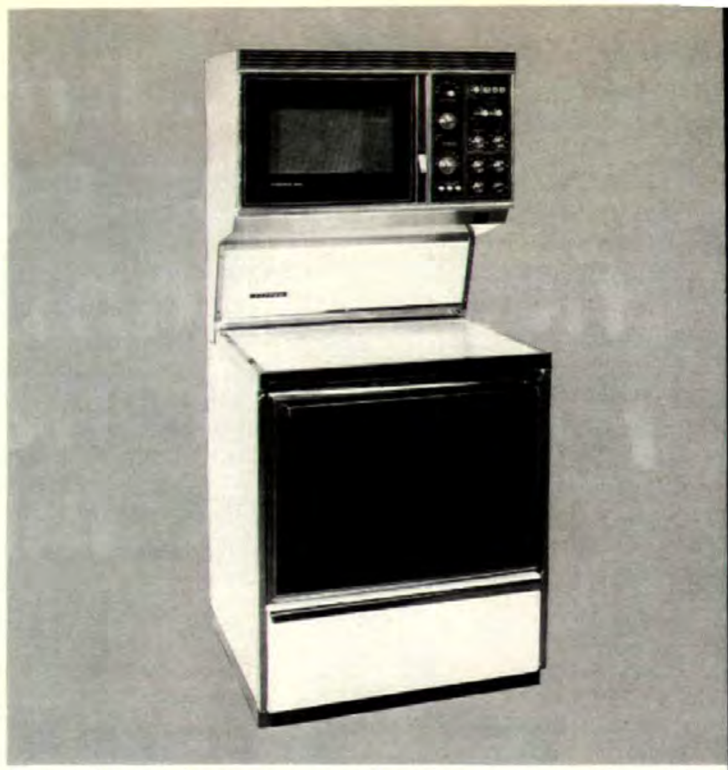
*Compared to a conventional electric furnace over an entire heating season. Based on design conditions and Seasonal Performance Factors for these cities: Minneapolis, MN.—26.58% Savings; Kansas City, MO.—44.13%; Philadelphia, PA.—48.72%; Atlanta, GA.—55.56%, Tampa, FL.—61.09%; San Francisco, CA.—61.39%. Savings will vary with climate and weather conditions.

Look to Amana today for the energy saving ideas of tomorrow.

Amana®
COOLING • HEATING

AMANA REFRIGERATION, INC., AMANA, IOWA 52203 • SUBSIDIARY OF RAYTHEON COMPANY

IF YOU'D LIKE MORE INFORMATION ON AMANA ENERGY SAVERS, WRITE DEPT. C-163, AMANA, IOWA 52203



Over/under electric range is a versatile cooking center. Unit has a full siz microwave upper oven, a self-cleaning electric lower oven and a one-piec ceramic cooktop. Eye-level controls include a selector-timer for the m crowave that can be set for roast, bake, defrost, stew, simmer or keep warn Tappan, Mansfield, Ohio. CIRCLE 200 ON READER SERVICE CARD

Three-cycle microwave oven fea tures fast-cook, slow-cook and de frost settings. Fast operates at 100% power, slow at 60% and defrost a 40%. Unit with a 35-minute time has a woodgrain vinyl-clad steel cab inet. Frigidaire, Dayton, Ohic CIRCLE 201 ON READER SERVICE CARD

Three-in-one cooking system fea tures an eye-level microwave oven a conventional lower oven and smooth surface "Hercuvit" cook top. The microwave oven has a de frost cycle and a removable cookin tray. Sharp, Paramus, N.J. CIRCL 202 ON READER SERVICE CARD

Double compartment, self-rimming sink, "Dumont," is enameled cast iron. The 33"x22" unit fits into the same cutout as a conventional 32"x21" sink, making it ideal for remodeling projects. Offered in a choice of coppertone, gold or avocado, the durable enamel finish is acid resistant. Eljer, Pittsburgh, Pa. CIRCLE 203 ON READER SERVICE CARD

Drop-in "Char-Grill" for indoor barbecuing can be fired by charcoal or connected to gas or electrical outlets, using ceramic "Char-Roks" to provide the cooking heat. Units are fully insulated. Home Metal Products, Plano, Tex. CIRCLE 204 ON READER SERVICE CARD

Innovative cabinet arrangements provide much-needed extra storage space. Pecan-toned "Anniversary" wall cabinets in conventional 18" and 30" heights are stacked on a standard width counter. Long Bell, International Paper, Portland, Ore. CIRCLE 205 ON READER SERVICE CARD

The quiet salesman that keeps on selling:

A Built-In Vacuum System. Of course!

So convenient, so efficient... A vacuum system is just the right added touch to help sell more and more homes, condominiums, apartments and commercial buildings. And, VACUFLO® can do it best.

The pioneer built-in, VACUFLO has the Good Housekeeping Seal and over twenty years of built-in cleaning innovation working for you and your customers. It uses no bags or filters (quiet H-P Cyclonic Separation was patented fifteen years ago and is still the most efficient vacuum method available)... It features durable, decorator-styled inlet valves made of tough Lexan®* ... a more efficient 1¾" tube system... and more. It's a selling feature that will keep selling you **and** your homes for years.

Put your quiet salesman on the job now. Return the coupon below. Or better yet, call us for proof. H-P PRODUCTS, INC., Louisville, Ohio 44641. Telephone (216) 875-5556.

HP VACUFLO®

H-P PRODUCTS, INC., Louisville, Ohio 44641

Good Housekeeping PROMISES — LIMITED WARRANTY TO CONSUMERS — REPLACEMENT OR REFUND IF DEFECTIVE

THIS GUARANTEE APPLIES ONLY TO VACUFLO® COMPONENTS IN SINGLE FAMILY HOUSING... NOT INSTALLATION.

Tell me more about the Quiet Salesman... H-P VACUFLO® Built-In Cleaning Systems!

NAME ____________________

TITLE ____________________

COMPANY ____________________

TYPE OF CO. ____________________

ADDRESS ____________________

CITY __________ STATE __________ ZIP ______

TELEPHONE ____________________

*Registered trademark of the G.E. Company.

CIRCLE 97 ON READER SERVICE CARD

Double drum vibratory roller, "W 65," delivers the continuous action required for deep penetration and complete compaction. The easy-to-handl and maintain unit is suitable for use on granular soil and mixes with hig clay content. Wacker, Chicago. CIRCLE 259 ON READER SERVICE CARD

Hand-held metal detector, "Sensormatic MkI," has double the sensitivity of its predecessor. The unit locates hidden nails, wires, pipes, conduits, reinforcing bars, etc. Any metal in the tool's magnetic field produces an unbalance in a bridg circuit, indicated by a light. National Instrument, Baltimore CIRCLE 260 ON READER SERVICE CARD

Nail gun "30011" drives and countersinks wood-toned nails into hardboard paneling. Designed with a special power knob for extra drivin force, the hand tool is easy to use. I eliminates the problems of conventional nailing such as scratching an damaging panel surfaces. Swingline Long Island City, N.Y. CIRCLE 261 ON READER SERVICE CARD

Rubber-tired trencher, "Fleetline 7-2," is equipped with a 7hp Briggs & Stratton air-cooled engine. It trenches at speeds from 1.8 fpm to 4.8 fpm with a 3.6 mph transport speed. The two-wheel drive unit digs from 4"-6" wide and 24" deep. Davis. Wichita, Kans. CIRCLE 262 ON READER SERVICE CARD

 CIRCLE 106 ON READER SERVICE CARD

"System 4000" lawn tractors are front-engine riding mowers. Attachments include snow blowers and dozer blades. The "4208" custom model shown features an electric start and transaxle drive for better traction. Simplicity, Allis-Chalmers, Milwaukee. CIRCLE 255 ON READER SERVICE CARD

Pneumatic nailer, "Model N8," drives 6d, 7d and 8d common, box, cooler screw and ringshank nails. Used on subflooring, sheathing, decking, framing and bridging, the unit has a steep pitch magazine which concentrates weight at the nose of the tool to assure a strong drive. Bostitch, East Greenwich, R.I. CIRCLE 256 ON READER SERVICE CARD

Circular pneumatic 2" saw is a ⅓hp tool weighing only 21 oz. The hand-held unit is equipped with a spring-loaded saw guard for safety, a V-groove lead guide and heavy duty ball bearings. Saw can be used on easy-to-cut materials and on aluminum, plastic, copper and fiber glass, Dotco, Hicksville, Ohio. CIRCLE 257 ON READER SERVICE CARD

Compact trencher, "M-220," is powered by an Onan air-cooled, 19½hp engine. The easy-to-handle unit has a maximum digging depth of 36" at 4"-6" widths. A vibratory plow can be mounted in place of the trencher to install service lines. Vermeer, Pella, Iowa, CIRCLE 258 ON READER SERVICE CARD

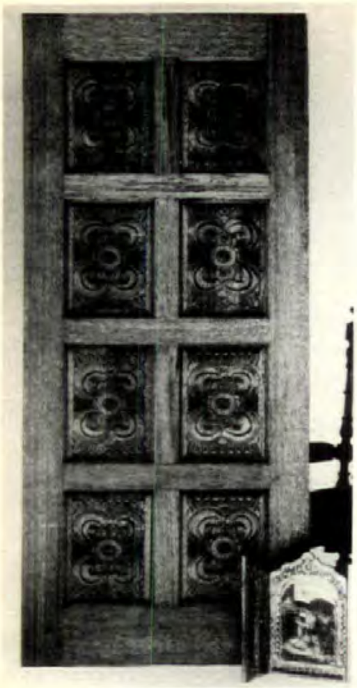
Brushed spruce plywood panelin "Branding Iron," is a rustic patte with bold knots and graining. T wood is stained brown and black a then steel brushed. The 4'x8' pa els have four 12"-on-center plank Boise Cascade, Portland, Ore. CI CLE 234 ON READER SERVICE CARD

Stylized floral wallcovering desig "Imperial Gardens," adds elegan to a traditional sitting roo Inspired by the ancient palaces the Orient, the Mandarin pattern part of the "Folio" collection of e otic designs. Van Luit, Los Angele CIRCLE 235 ON READER SERVICE CAR

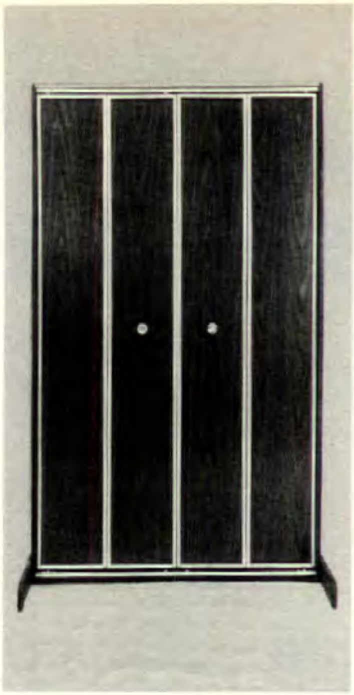
Fiber glass ceiling panels, "Andes," have a rugged, decorative look. The boldly sculptured pattern is more clearly defined when washed with light. Fire-resistant panels absorb approximately 75% of noise. Certain-teed, Valley Forge, Pa. CIRCLE 236 ON READER SERVICE CARD

Manufactured brick veneer, composed of cement products and lightweight aggregate, is durable and easy to install. Suitable for use indoors or out, the lightweight, fire-resistant material is easy to maintain. Eldorado Stone, Kirkland, Wash. CIRCLE 237 ON READER SERVICE CARD


NEW!
LEES UNIBOND CARPETS.
A system for making carpet better than ever before. Better for schools, for offices, nearly everywhere.
Tuft Bind—it takes more than double the effort to pull out a tuft. In fact, most times the yarn breaks first. Virtually eliminates the problem of deliberate or accidental snagging and unraveling of yarn.
Delamination—Unibond prevents separation of face and backing. Eliminates need for chair pads. Allows use of carpet where rolling traffic prohibited it previously.
Because Unibond carpets are completely man-made, they are impervious to moisture, not subject to problems arising from excessive moisture during cleaning.
See how well it can work for you. Call 800-523-5647 (toll free) or write for a demonstration in your office or a brochure.
LEES carpets
A DIVISION OF BURLINGTON INDUSTRIES, INC.
Contract Dept., Valley Forge Corporate Center
King of Prussia, Pa. 19406
When measured with a scale it takes an average pull of 20 lbs. to dislodge a tuft from a Unibond carpet. Normal carpets average less than 10 lbs.
LBS
10
20
30
40
UNIBOND
UNIBOND
CARPET BONDING SYSTEM
TRY TO PULL OUT A TUFT... MOST TIMES THE YARN WILL BREAK FIRST.



Traditionally styled wood entry door is handcrafted for an old world appearance. The solid eight-panel "Bordeaux" design, available in rosewood or mahogany, is practical as well as elegant. Door comes in a wide range of sizes and in many other decorative styles. Elegant Entries, Worcester, Mass. CIRCLE 213 ON READER SERVICE CARD



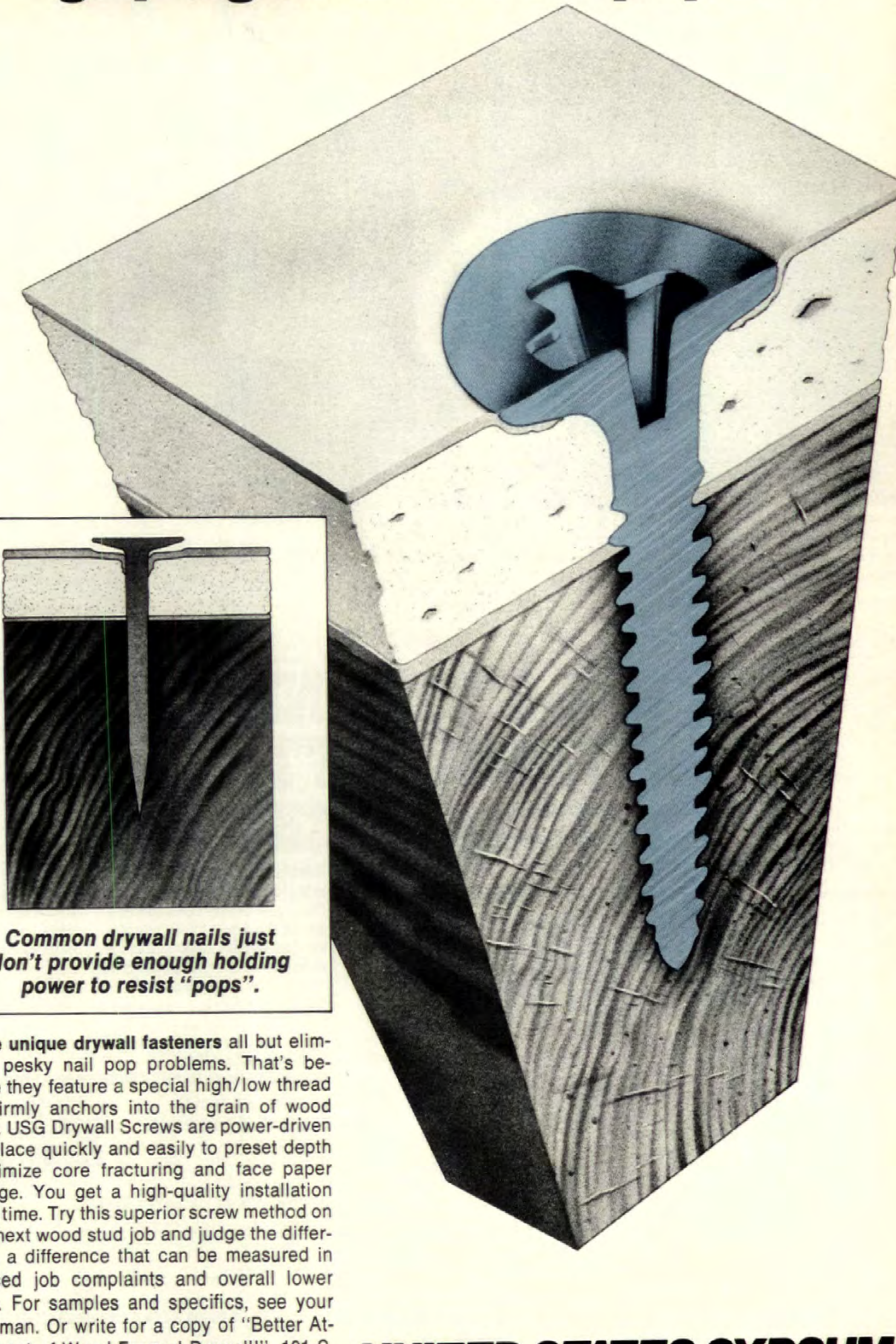
Bifold door framing system permits the assembly of complete closet door units from panels as thin as ⅛". The "Federal Series 1400" panel jacket will accept any type of solid or laminate panel from ⅛" to ¼" thick. System with top track suspension is available in standard sizes. L.E. Johnson, Elkhart, Ind. CIRCLE 212 ON READER SERVICE CARD

Fully insulated window, "Alaskan," *(right)* has twin panes of welded-edge insulating glass, heavy weatherstripping and an aluminum-vinyl design that cuts maintenance. Window has removable sashes for easy cleaning. Alcoa, Pittsburgh, Pa. CIRCLE 216 ON READER SERVICE CARD

Thermally insulated slider windo *(left)* swings in for safe, easy cleanin from the inside. Window has insu lating glass and a heavy duty alum num exterior frame interlocke with a rigid vinyl interior fram Thermal Barrier, Bedford, Ohi CIRCLE 215 ON READER SERVICE CAR

Combination storm window, "Bilt in," *(left)* is available with or with out exterior wood casing. Designed to look like an integral part of th primary window, the unit has a heavy duty tempered aluminum frame. Snap-in colored exterior trim strips require no maintenance. Monray, Minneapolis. CIRCLE 217 ON READER SERVICE CARD

New USG® Drywall Screws grip tight to resist "pops"...



Common drywall nails just don't provide enough holding power to resist "pops".

These unique drywall fasteners all but eliminate pesky nail pop problems. That's because they feature a special high/low thread that firmly anchors into the grain of wood studs. USG Drywall Screws are power-driven into place quickly and easily to preset depth—minimize core fracturing and face paper damage. You get a high-quality installation every time. Try this superior screw method on your next wood stud job and judge the difference; a difference that can be measured in reduced job complaints and overall lower costs. For samples and specifics, see your USG man. Or write for a copy of "Better Attachment of Wood-Framed Drywall!", 101 S. Wacker Dr., Chicago, Ill. 60606, Dept. HH-26.

UNITED STATES GYPSUM
BUILDING AMERICA

CIRCLE 111 ON READER SERVICE CARD

"Rap-install" doorway system includes a choice of doors and a three-piece vinyl-clad door frame assembly with special compression lock miter joints. Easy-to-install unit is self-shimming by means of special steel anchors. Doorcraft, Harrisburg, Ore. CIRCLE 214 ON READER SERVICE CARD

Mirrored folding closet door helps to visually expand a room. Part of the Slimfold line, the door has a clean, uncluttered look. Unit glides on a bottom track and has a spring-loaded upper guide rod. It comes in a range of sizes. Evans Products, Roseville, Mich. CIRCLE 218 ON READER SERVICE CARD

A House & Home WORKSHOP

FACE-TO-FACE SELLING

Miami, March 29-30

Washington, D.C., May 3-4

Chicago, June 1-2

Los Angeles, July 12-13

A House&Home Workshop: 2 Da

FACE-TO-FAC

Two days of study and practice in

* Basic selling techniques
* Creative Selling concepts
* Special selling situations
* Effective sales environments
* Sales and marketing strategy
* Successful sales management

In a program designed for

* Salesmen and Sales managers
* Marketing directors
* Realtors selling new homes
* And anyone else directly or indirectly responsible for housing sa

The new-home salesman's job has never been tougher—or more important—than it is today.

He has to sell a much higher-priced product.

He has to sell against higher mortgage rates.

He has to sell to a much more dollar-conscious buyer.

So he needs all the help he can get in sharpening his face-to-face selling skills.

And he needs to be backed by a marketing and sales team that itself understands how to create a successful sales program.

That's just the kind of help this House & Home workshop is designed to give you.

Study and Practice in
ELLING

pecifically, you'll learn. . .

ow to sharpen basic selling techniques:

ualifying prospects
volving prospects in specific properties
reating a sense of urgency
andling questions and objections
aking the close
ervicing after the sale

ow to handle special selling situations:

elling condominiums
andling conversion sales
elling resort housing
elling custom homes
andling lot sales
elling on scattered lots
elling pre-cut and packaged homes

ow to create effective sales environments:

esigning sales offices that salesmen can sell in
esigning sales displays
esenting model displays
anaging inventory
eveloping off-site sales environments

ow to establish sales and marketing strategy:

ofiling and targeting the market
hasing the project to meet specific sales objectives
uilding and maintaining the right sales tempo
stablishing a sense of community
oosting referral sales

ow to manage the sales team:

electing and training salesmen
otivating the sales team
oordinating in-house salesmen and outside brokers
onitoring the sales operation

ow to work with creative selling concepts:

ew ways to mine for prospects
sing unusual financing techniques to close the sale
etting more prospects from the trade-up market
etting more prospects from the transferee market
elling to the apartment dweller

And you'll learn from America's foremost real-estate sales consultant.

He is Dave Stone, and his face-to-face selling expertise comes right from the firing line. He began his career in housing as a builder and a salesman; he became General Manager of Stone & Schulte, a realty firm that represented many of the most successful homebuilders in the San Francisco area; and he is currently head of The Stone Institute, a market consulting firm with builder and realty clients in all parts of the country.

Over the past decade, Dave Stone has become widely known as homebuilding's leading instructor in sales and sales training. He has lectured to more than 100,000 salesmen, sales managers, realty people and builders in all 50 states. He has been a key member of the faculty of HOUSE & HOME's Marketing, Merchandising and Selling Seminar which ran here and abroad for nearly two years. And he is the author of nine books on real-estate selling, including most recently the best-selling "How to Sell New Homes and Condominiums," published by HOUSE & HOME press.

Working with Dave Stone in the program will be one or more of these sales and marketing executives:

Thomas G. Shafran
Vice President, Better Homes Realty Inc.

Larry Laukka
Vice President, Homes Division
Sussel Company

Robert Bruce
Director, Import Marketing Services and
Vice President, Crawford, Etter and Bruce, Inc.
Thompson-Brown Company Realtors

Seminar Director:
Maxwell G. Huntoon, Jr.
Managing Editor
House and Home

A House&Home Workshop: 2 Days of Study and Practice in

FACE-TO-FACE SELLING

Workshop Registration
To register, please complete and return the coupon below to House & Home, McGraw-Hill, Inc., 1221 Avenue of the Americas, N.Y., N.Y. 10020. Or you may register by calling (212) 997-6692. Registration must be made in advance of the workshops. All registration will be confirmed by mail.

Workshop Fee
The full registration fee is payable in advance and includes the cost of all luncheons, workbooks, and meeting materials—$325.

Special group rates available on request.

Workshop Hours
Registration starts at 8 a.m.
Sessions are 9 a.m. to 5 p.m.

Hotel Reservations
While House & Home does not make individual reservations for workshop participants we have arranged with the Marriott Hotels involved to hold a limited block of rooms for the use of attendees. You can reserve your room by phoning (800) 228-9290.

Please be sure to say that you are attending the House & Home workshop. This will identify your reservation with the block of reserved rooms, and assure you of the special workshop rate.

Cancellations, Refunds and Transfers
Registrations may be cancelled without charge up to five working days before the workshop date. Registrations cancelled later than this are subject to a $50 service charge. Substitutions of attendees may be made at any time. Registrations may be transferred with full credit to a later workshop any time prior to the original workshop date.

Tax Deduction of Expenses
An income tax deduction is allowed for expense of education (includes registration fees, travel, meals, lodgings) undertaken to maintain and improve professional skill. See Treasury regulation 1.162-5 Coughlin vs. Commissioner 203F.2d 307.

House&Home
McGraw-Hill, Inc.
1221 Avenue of the Americas
N.Y., N.Y. 10020

Gentlemen:
Please register me in the FACE-TO-FACE SELLING workshop checked below.

- ☐ Miami, March 29-30 Marriott Hotel
- ☐ Washington, D.C., May 3-4 Crystal City Marriott Hotel
- ☐ Chicago, June 1-2 Marriott Hotel
- ☐ Los Angeles, July 12-13 Marriott Hotel

☐ Check payable to House & Home enclosed
☐ Bill my company ☐ Bill me

Name ______
Title ______
Company ______
Address ______
City ______ State ______ Zip ______
Phone ______
Signature ______

Additional registrations from my company:

Name ______
Title ______
Name ______
Title ______

HH-2/76

Monograph offers Community Planning guidelines

Halting the decline of neighborhoods in transition should be given priority when local governments allocate federal Community Development (CD) funds. So suggests a 70-page monograph that summarizes neighborhood preservation studies undertaken by the Real Estate Research Corp. (RERC). The booklet also presents some conclusions derived from the HUD-sponsored studies. (The authors' views do *not* represent HUD policy, however.)

Studies examined 1) past federal urban renewal programs, 2) neighborhood decline and abandonment and 3) locally-initiated preservation projects.

The recommendation was to upgrade areas in an "in-between" stage of deterioration. The expected result: Public spending will help arrest decay and will serve as a catalyst for private investment.

Badly deteriorated areas are not to be ignored, however. These neighborhoods need direct aid to residents, says the monograph, whether or not this aid results in physical upgrading. RERC studies suggest that such areas might not be restored to health even if available federal money and CD resources were channeled exclusively into them. Instead it is predicted that residents of doomed areas will be encouraged to move up into stabilized transitional neighborhoods.

Copies may be ordered from Community Development Monograph, RERC, 72 W. Adams, Chicago, Ill. 60603. Minimum fee: $1.00.

Products for Doors and Windows

Solar screens which may help reduce heat gain through glass are described in an eight-page booklet. The screens, designed for installation outside sun-exposed windows, are compared with various types of glass and shading devices in charts that show differences in U-values, solar heat gain (Btu/hr), etc. Detailed performance data for the screens themselves is also given. Diagrams, photographs and specs are included. KoolShade, Solana Beech, Calif. CIRCLE 300 ON READER SERVICE CARD

Window/storm window/screen unit is the subject of a four-page pamphlet. Text describes engineering of the window and gives condensation ratings. Drawings and detailed specs are included. Season-All, Indiana, Pa. CIRCLE 301 ON READER SERVICE CARD

A thermal-break window is introduced in an illustrated flyer. Pictures and text explain construction and capabilities of the horizontal rolling window. Standard panel arrangements are sketched and described. Diagrams show interior frame dimensions for two-pane, side vent and center vent windows. General specs follow. Capitol Products, Mechanicsburg, Pa. CIRCLE 302 ON READER SERVICE CARD

Aluminum window blinds can go around a corner, fit an A-frame or cover a window more than 15' high. So says a 32-page guidebook to window treatments. Conventional and specialty blinds (for windows in unusual shapes) are described in detail, accompanied by drawings and photographs of installed blinds. Data presented in chart form includes a drapery/blind cost comparison. Specs and instructions for ordering blinds for special situations are included. Levelor Lorentzen, Hoboken, N.J. CIRCLE 303 ON READER SERVICE CARD

Wood panel door information package consists of two pamphlets and a copy of the manufacturers' standards. Samples of fir and hemlock designs are offered in one flyer. The carved doors are shown in full color and specs given. The second pamphlet serves as a guide to the care and handling of wood doors. Proper storage, fitting and finishing are discussed. The 12-page industry standard covers updated requirements for material and workmanship. Fir & Hemlock Door Assn., Portland, Ore. CIRCLE 304 ON READER SERVICE CARD

Double-hung windows are described in four pages. The flyer includes sketches of each window offered and related photographs. Text lists optional and standard features. Installation details are diagrammed. Malta, Malta, Ohio. CIRCLE 305 ON READER SERVICE CARD

Handcarved doors of rosewood and mahogany are cataloged in an illustrated flyer. Each door design is shown in a color photograph accompanied by dimensional data. Brass hardware in a variety of styles is also pictured and described. Elegant Entries, Worcester, Mass. CIRCLE 306 ON READER SERVICE CARD

Carved wood products guide has eight pages of full color photos. Doors, grilles and screens are featured; framing details are diagrammed. Stanwood, Stanley, Wis. CIRCLE 307 ON READER SERVICE CARD

Classified Advertising

The market-place for the housing and light construction industry

SELLING OPP. AVAILABLE

SALES MANAGER NEW HOMES

Minimum 5 years in all aspects of sales and merchandising 100 plus new homes per year. Must be impeccably professional, yet a down to earth innovative sales manager, sales trainer and merchandiser. National builder in Atlanta with 6 subdivisions. Excellent compensation program.

SW-9406, House & Home
Class. Adv. Dept., P.O. Box 900,
N.Y., N.Y. 10020

BOOKS

How to Install a Central Cleaning System in Your Home

Wal-Vac's new free booklet is off the press. It provides all you need to know about installation and maintenance of a Central Vacuum Cleaning System. This free fully illustrated booklet is complete with drawings and photographs. Wal-Vac, Inc., 2851 Buchanan S.W., Grand Rapids, Michigan 49508

New Home Designs. Finer Homes for Carolina Living, Home Plan Book $2.50 each, Moores's Drafting Service, P.O. Box 16, Goldsboro, NC 27530.

BROCHURES

Brochures of Home Designs—all sizes and styles. Write The Plan Shop, Inc., (A Mississippi Corporation), P.O. Box 16332, Jackson, Miss. 39206. Include $2.00 for postage and handling.

REAL ESTATE

Builder's lots in Tampa/St. Pete

Developed lots for sale in the Southeast's fastest-growing major market. Your chance to get in where sales projections are way ahead of starts. Call or write now: Thomas J. Murphy, V.P., 5200 W. Kennedy, Tampa, FL 33609. 813-879-1950.

Criterion Corporation
The Builder's Developer.

POSITIONS WANTED

Financial Executive—Heavyweight —Listed co. V.P. Controller—CPA (Big 8 exp.)—Attorney—Acquisitions, financial controls, taxes. Exp'd. real estate, construction industries. Combines technical skill with imagination. $28-32,000 required. For resume: PW-9428 House & Home.

CATALOG

12-Page Natural Stone Catalog. Full-color illustrations. Detailed descriptions of over 50 varieties of building stone for walls, fireplaces, patios, landscaping and interior flooring. Send $1.00 to: Department "H", Victor Oolitic Stone Co., P.O. Box 668, Bloomington, Ind. 47401.

ORDER FORM (NON-DISPLAY)

Classified Advertising Department
HOUSE & HOME
P.O. Box 900, New York, N.Y. 10020

Rate Per Line or Fraction:	1X	2X	3X	4X
	$5.95	$5.75	$5.60	$5.35

NAME ....

ADDRESS ....

CITY & STATE .... Number of Insertions ....

☐ Use Box No. (or)
☐ Use My Name and Address

☐ Bill Me (or)
☐ Check Enclosed

Signature ....

Amana Refrigeration, Inc. ... 103
Grey-North Inc.
A American Olean Tile ... 17
Lewis & Gilman, Inc.
A-L Andersen Corp. ... 46, 47
Campbell-Mithun, Inc.
A-I-L-D Armstrong Cork Company ... 6, 7
Batten, Barton, Durstine & Osborn, Inc.

B.F. Goodrich Chemical Co. ... 92
Griswold-Eshleman Co.
Beatrice West Studios, Inc. ... 104
A-L Bird & Son, Inc. ... 35
Humphrey Browning MacDougall, Inc.
Blue Book ... 56
Francis J. Litz
Burke Carpet Mills ... 98A
Lawrence & Lierle Inc.

A-L Cabot, Inc., Samuel ... 107
Donald W. Gardner Adv., Inc.
A-L-D California Redwood Association 11
Honig Cooper & Harrington
L Caradco Div. of Scovill ... 22, 23
Buchen Reincke, Inc.
Classified ... 118
A-I Conwed Corporation ... 117
Stevenson & Associates
Crown Aluminum ... 4
CB & Company

Davis Manufacturing Division of J I Case ... 48
Associated Advertising Agency, Inc.
Dodge Building Costs Services 110
L-D DuPont Co. ... Cov. II
N.W. Ayer ABH International

A-L-D E.A. Nord Co. ... 13
Ricks-Ehrig, Inc.
A Evans Products Company (Door Systems Division) ... 102B
Smith-Winchester Adv., Inc.

A Featherock, Inc. ... 106
Sierra Advertisers

A-I-L-D GAF (Bldg. Products Div.) ... 49
Daniel & Charles Associates, ltd.
A-L General Electric ... 14, 15
Young & Rubicam International Inc.
General Products ... 110
Cabell Eanes, Inc.
Goldblatt Tool Company ... 112
Fremerman-Papin, Inc.

H-P Products, Inc. ... 105
Lord, Sullivan & Yoder, Inc.
Hager Manufacturing Company 98A
Putman & Wangen, Inc.
L Honeywell, Inc. ... Cov. III
Campbell-Mithun, Inc.
A-L Hotpoint Div./General Electric Co. ... 20, 21
Compton Adv. Inc.
House & Home ... 98B, 102A

Jenn-Air Corp. ... 45
Foote, Cone & Belding

E.C. Keyes & Sons Corporation ... 98A
Ehrlich-Harris-Manes & Assoc.
Kingsberry Homes ... 42, 43
Liller, Neal, Battle & Lindsey Inc.
A-L KitchenAid Division, Hobart Corp. ... 91
Griswold-Eshleman Co.
Kwikset (Div. of Emhart Corp.) ... Cov. IV
Coltrane & Co.

A-D Lees Carpets ... 109
Wayne Associates

McGraw Hill Book Co. ... 42
Marvin Windows ... 37
Discovery Designs Adv.
A Miami-Carey Co. ... 8
Creative Adv. Services

Norandex ... 19
Thomas Murray and Austine Chaney Adv.
Nutone, Div. of Scovill ... 1, 2
The Media Group, Inc.

A-L Olympic Stain Co. ... 108
Kraft, Smith
A-I-L-D Owens-Corning Fiberglas ... 29-32
Ogilvy & Mather, Inc.

A-L-D Potlatch Corp. ... 50A
Ayer Jorgensen MacDonald

A Red Cedar Shingle & Handsplit Shake Bureau ... 55
Ayer/Baker Adv.
Rockwell International Power Tool Division ... 50D, 50E
Ketchum, MacLeod & Grove Inc.

A-L Sears, Roebuck & Co. ... 27
Gerson Marketing & Advertising, Inc.
Seminar
Cutting the Cost of the Single-Family House ... 51-54
Face to Face Selling ... 113-116
Senco Products, Inc. ... 50F
Schindler + Howard Advertising, Inc.
A-L Shakertown Corp. ... 104
Solkover, Davidge & Jenkins, Inc.
A-L Stanley Doors Sys. (Div. of Stanley Works) ... 57
E.W. Baker, Inc.

A TECO (Timber Eng. Co.) ... 107
George Lohr Studios/Agency
Temple Industries ... 41, 98A
Ritchie Hopson & Assoc.
Tokyo International Trade Fair Commission ... 106
Global Advertising Co., Ltd.
Triangle Pacific Cabinets ... 38, 39
Glenn Advertising
A-L TubMaster Corp. ... 108
TM Adv. Co.

A-L-D U.S. Plywood ... 50
Grey Advertising, Inc.
A-I-L U.S. Steel Corp. ... 50B, 50C
Compton Advertising Inc.
A-I-L United States Gypsum Co. ... 111
Needham, Harper & Steers Inc.

A-I-L W.R. Grace & Co. ... 95
Charles Palm & Co., Inc.
A-L Whirlpool Corp. ... 58
Seibert-Netedu Mktg. Srvs.
Wilson Art ... 25
Jack T. Holmes & Assoc. Inc.
Workshop
How to Sell Apartments 98A-98D

Advertising Sales Staff

ATLANTA 30309
Glen N. Dougherty
1175 Peachtree St.
(404) 892-2868

BOSTON 02116
Matthew T. Reseska
McGraw Hill Bldg.
607 Boylston St.
(617) 262-1160

CHICAGO 60611
Charles M. Crowe, Jr.
Lawrence R. Kossack
645 N. Michigan Ave.
(312) 751-3700

CLEVELAND 44113
Milton H. Hall, Jr.
55 Public Square
(216) 781-7000

DENVER 80203
Jay Johnson
Dave Watson
123 Speer Blvd., #400
(303) 837-1010

DETROIT 48202
William J. McAfee
1400 Fisher Bldg.
(313) 873-7410

HOUSTON 77002
John Strong
Dresser Tower
601 Jefferson Street
(713) 224-8381

LOS ANGELES 90010
Donald Hanson
3200 Wilshire Blvd.
South Tower
(213) 487-1160

NEW YORK 10020
Matthew T. Reseska
1221 Avenue of the Americas
(212) 997-6925

PHILADELPHIA 19102
Raymond L. Kammer
Three Parkway
(215) 568-6161

PITTSBURGH 15222
Raymond L. Kammer
2 Gateway Center
(412) 391-1314

SAN FRANCISCO 94111
Stephen D. Blacker
425 Battery Street
(415) 362-4600

Pre-filed catalogs of the manufacturers listed above are available in the Sweet's Catalog File as follows:

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