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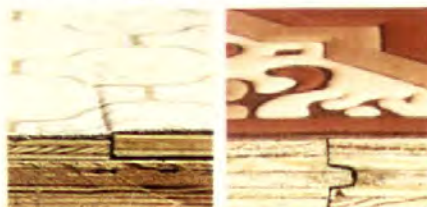


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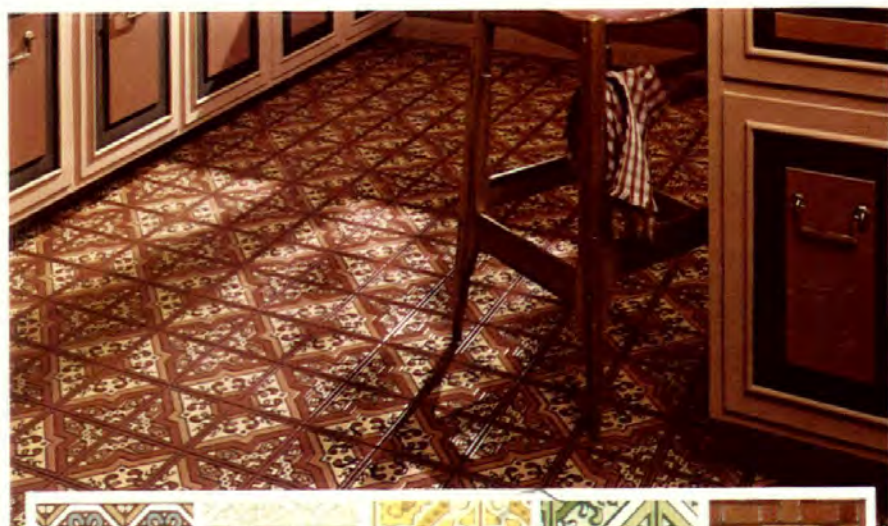
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**Must the new HUD be the same old dud?**

One of the less desirable aspects of President Carter's choice for Secretary of Housing and Urban Development is that it continues unbroken HUD's recent record of being headed by people with absolutely no experience in any area of housing.

There have been many consequences—few of them good—but we're going to touch on just one here: HUD has failed to attract a large group of solid, efficient builders to its subsidy programs, which are the most important reason for the agency's existence.

Such a group is absolutely necessary if the subsidy programs are to operate everywhere they're needed, be competitive to keep costs down, and spread the benefits of federal housing money equitably. In recent years, subsidy programs have tended instead to fall into the hands of a relatively few larger builders in relatively few locales. Some have operated efficiently, many have not, and a few have wound up in situations like the Section 235 scandals of 1968-1972.

There aren't more builders in HUD programs because HUD effectively screens them out. It accomplishes this in the time-honored manner of all bureaucracies—strangling them with red tape. Most subsidy builders have had to hire specialists to deal with the paperwork and the bureaucrats. And in

a weird corollary of Parkinson's law, HUD is now talking about hiring more field specialists of its own to deal with the flood of paperwork coming from builders.

This can be kind of funny unless it's your option money, your interest meter ticking, and your overhead eating up cash while the delays go on and on and on.

How could a knowledgeable housing man at—or near—the top of HUD's policy-making hierarchy help?

Very simply, by deciding what red tape is necessary to police the programs effectively and eliminating all the rest, which does nothing but run up costs for what is supposed, after all, to be low-cost housing.

So Mrs. Harris' first priority should be to accumulate some real housing expertise at the decision-making level, and to pay attention to it.

Such a step might nip in the bud further expensive monstrosities like Operation Breakthrough and Title 7. It could either make a dent in HUD's 15,000-person payroll and \$9.5 billion budget, or put both to work with something approaching reasonable efficiency.

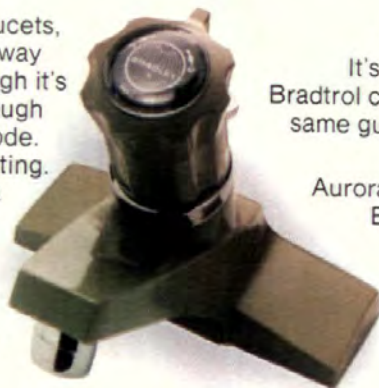
Above all, it might get a lot of subsidy housing built for people who can't afford any other kind. That's what the game is all about.

—MAXWELL C. HUNTOON JR.



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H&H/housing 2/77 **7**



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GENERAL  ELECTRIC

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Housing & Carter: New doubts . .

Industry rates no higher with Jimmy than with Jerry



New secretary of housing, Patricia Roberts Harris, is shown with President-elect Carter minutes after the President announced her appointment in Plains, Ga., Dec. 21.

During his out-of-nowhere run for the White House, Jimmy Carter adopted two million housing starts as an annual target.

The industry loved it. It seemed to be a sign that Carter cared.

After the election, though, Carter demonstrated no special concern for housing. The homebuilders, who had made a strong sales pitch, obviously had made no sale. Carter and his team were putting housing as far down the list of domestic priorities as it was during the last four years of the Nixon-Ford administration.

Carter's first decision—to name Patricia Roberts Harris as secretary of housing and urban development—disturbed some segments of the housing industry as well as the nation's mayors.

A lawyer and a political power in the Democratic party, Mrs. Harris has no track record in housing or urban development, except for her involvement in minority housing and civil rights issues.

HUD job? Not for me, baby!

Long is the list of those who declared selves non-candidates

While Jimmy Carter was selecting his cabinet, Jesse Jackson was saying that blacks were "very disappointed" at not being chosen for the "critical" jobs.

Jackson's view apparently coincided with that of several blacks on Carter's list—Mayors Tom Bradley of Los Angeles and Coleman Young of Detroit, for example.

When they learned that Carter was offering them only the problem-ridden Department of Housing and Urban Development they said in effect, "Thanks, but no thanks."

A chauffeur to nowhere? A cabinet job includes a \$60,000 salary, a place at the President's cabinet meetings, frequent appearances before congressional committees, opportunities to speak three or four times a week across the country and a chauffeured limousine.

But Bradley and Young, just to take

two examples, actually preferred to stay with their respective hometowns—with all their problems—rather than to accept the responsibility for the difficulties lumped together under the label HUD.

Young said he thought he could be more influential by staying in Detroit; Bradley said he wanted to run for mayor again.

The 'no-win' job. Among the many other blacks who asked that they not be considered was Vernon Jordan, who was said to feel he would have more influence on policy if he stayed with the National Urban League. Another was Franklin A. Thomas, chairman of the Bedford-Stuyvesant Inner City Restoration Project in Brooklyn. Thomas said he wanted to set up his own law firm.

One black politician explained that the housing job is a plum that could be

almost certain political death for a black.

"It's a no-win situation," he said, "for blacks to become secretary of HUD or HEW. The problems of housing are probably insoluble so long as nothing is done about the economy. My friends don't want to deal with insoluble problems. They want to help run the economy."

'Total frustration.' William Beckham, who is on Young's staff in Detroit, put it this way:

"A black in HUD is not the wisest move for a lot of reasons. It looks like a welfare job, and with pressure from blacks and the lack of money, he would be in a position of total frustration."

Black mayors such as Bradley, Young and Maynard Jackson in Atlanta have made themselves political powers in their hometowns—and they feel that by taking the HUD job they would risk

Plains speaking. The selection, when Carter needed a black and a woman for his cabinet team, told the homebuilders and the nation's mayors in effect:

"Other considerations come first; sorry, but you didn't have the clout."

As to Carter's policies, he promised to make housing proposals "a part of" his "immediate" package of economic stimulants sought from Congress. There would be, he told *Time* magazine, something for the elderly, "some" rehab money and interest subsidy, "perhaps" a mortgage-payment plan to ease the monthly payment at the outset for young people buying their first house. And he would do "everything I can to hold down interest rates."

But that seemed to be about it.

Carter on housing: 'Dormant industry'

BB We've got a very dormant construction industry because of an absence of homebuilding incentives.

The FHA and HUD both, in my opinion, are in an administrative shambles. They're not effective.

The uncertainty about government attitudes toward the guaranties of home-mortgage loans and the termination of construction of low-cost rent houses, an end almost to the program to build houses for elderly, has caused an extremely high unemployment rate in the construction industry, an average on a nationwide basis of maybe 20%, in some areas of the country as high as 60%.

With a very minimum amount of investment of taxpayers' money, you could have a quick stimulation of the housing industry which would be almost entirely in the private sector.

PRESIDENT CARTER

Washington television interview

... and doubts about a new secretary ...

As one of her first public statements after being chosen, Pat Harris had to "clarify" her position on public housing:

She does not favor an end to the federal government's public housing program "at this time." She "fully sup-

ports" government policies to provide "decent, safe and sanitary housing for all Americans."

Mrs. Harris was questioned because of earlier statements, in an interview with *U.S. News and World Report*, that she wanted the government to

abandon "the whole notion of public housing."

The homebuilders had pressured Carter for an experienced hand—a mayor or someone from the housing industry—to take over HUD. What they

12

Urban League's Jordan
More influence
outside HUD



Mayors Bradley ...
Urgent business at home



Newark's Gibson
Called out
at the plate



... and Jackson
Comfortable in
Atlanta



tarnishing whatever political image they have and losing, when their HUD tour was over, a base to return to.

Not all blacks under consideration turned their backs. The *Newark* (N.J.) *Star-Ledger* reported that Mayor Kenneth Gibson was recommended by a Carter aide, Hamilton Jordan, and that Gibson's nomination was "firm" right up to the time of decision. The paper said that, when word of the final choice was leaked, several mayors actually called Carter in a last-ditch effort to win the post for Gibson.

Pay cut for incumbent. The lawyer who accepted Carter's offer, Patricia Robert Harris, reportedly was earning \$100,000 a year as a Washington lawyer. A tour as Carter's housing secretary, with its chance for advancement as other posts open, probably won't lose her any clients once she goes back to private law practice.

—D.L.

got, as one source noted, was "a Democratic Carla Hills."

Fanfare of complaint. Leon Weiner, president of the National Housing Conference, lamented in a lengthy letter to Carter that he had been "literally deluged" with phone calls—most of which, he said, "expressed a

single anguished theme: 'Here we go again—another candidate for on-the-job training!'"

John Gunther, of the U.S. Conference of Mayors, said that in choosing Harris, Carter "displayed striking insensitivity" to the problems of the cities. It would take Mrs. Harris "two

years of on-the-job training," he said, just to learn the "depth and complexities" of the issues that will be dropped on her desk.

The mayors and homebuilders fear that—no matter how bright and capable she is—Mrs. Harris just doesn't have

➔16

Mrs. Harris replies to her critics

Mrs. Harris scored heavily against her critics—and against the only senator on the Banking Committee critical of her selection—at her confirmation hearings in mid-January.

The objections of the committee's chairman, William Proxmire (D., Wis.), were those of the homebuilders and the mayors—that Mrs. Harris lacked "really significant experience in housing or urban development. You have no real record on which we can judge your performance."

Other committee members, both Republican and Democrat, flatly disagreed. Ranking Republican John Tower of Texas said there was "very little experience in housing among us who set housing policy and exercise legislative oversight," that, "all of us are generalists," and that he "looked forward to supporting her confirmation."

Better than a bureaucrat. Senator Joseph Biden (D., Del.), who, like Proxmire, had voted against confirming Secretaries James Lynn and Carla Hills, said he did so because he felt that neither of them had a strong commitment to carrying out the housing programs enacted by Congress.

After hearing Mrs. Harris, Biden said he felt she might well have "a better background" than if she had come "from the bureaucracy or the housing industry." He added that the "housing experts . . . had repeatedly failed" in their efforts to manage HUD and its programs.

When Proxmire questioned whether Mrs. Harris would give sufficient access and hearing to the poor and other groups who lack influence in Washington, she came back sharply. "You do not seem to understand who I am. I am a black woman, the daughter of a dining-car worker." She told Proxmire that, if he thought she had forgotten her origins, "you are wrong."

Housing philosophy. Earlier in the hearings Mrs. Harris acknowledged



Friendly face-off finds Senator William Proxmire greeting Mrs. Patricia Harris shortly before the two engaged in skirmish at confirmation hearing before his committee.

that her only experience in housing per se had been in managing dormitories during her college days and "legal work for two developers."

She explained: "I am a professional lawyer . . . a professional in the area of public policy . . . I have been on the firing line in Chicago and Washington."

She added that she did not think it necessary "to know how to put one brick on another" to qualify for the position.

Mrs. Harris said that she "knows of the creeping blight of our neglected cities at first hand," and that, under Carter, she would be "the foremost advocate and promoter" of an aggressive housing policy.

As for mortgages and public hous-

ing, Mrs. Harris spoke generally of opening up existing housing programs and assured the committee that she would not sweep out everything left to her by Mrs. Hills.

Under questioning, she said she was not in favor—without first giving it greater study—of dropping the tax deduction for mortgage-interest payments, one of the largest federal housing subsidies.

As for public housing, which she had decried in an interview prior to her selection, she said it would be years before the program could be cut back. For the foreseeable future, she said, public housing would be required in order to help the government fill its legitimate function as "houser of last resort."

—D.L.

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the experience that would give her leverage at the White House during the crucial early months of the administration, when policies and programs are being set.

NAHB reaction. The outgoing president of the National Association of Home Builders, John Hart, observed dryly that the Harris selection underscored the need for naming sub-cabinet officials at HUD "who can move quickly to help the housing industry" provide the housing "so desperately needed today."

The National Association of Realtors and the Mortgage Bankers Association endorsed the choice, although the MBA was careful to point out that "we have indicated our preference for an experienced person."

At the confirmation hearing for Mrs. Harris in mid-January, Chairman William Proxmire of the Senate Banking Committee criticized her inexperience in either housing or urban development, although he spoke of her impres-

sive record as a scholar, author and lawyer. (For Mrs. Harris's reply, see p. 12.)

Politics and power. What kind of person was Mrs. Harris herself? Said one Washington newsman who knows Mrs. Harris:

"Her reactions aren't particularly those of a doctrinaire black or feminist. She's hard-headed, feisty, and not much for small talk. When the law students at Howard University [where she was dean] pulled a sit-in, her immediate reaction was to call in the marshals and have them thrown out. When she didn't get her way, she resigned."

Mrs. Harris was plucked from the Washington law firm of Fried, Frank, Harris, Shriver and Kampelman, where she reportedly was earning \$100,000 a year. She was on the board of directors of IBM, the Chase Manhattan Bank and the Scott Paper Co.

But she rose to prominence via Democratic politics. She became Lyndon Johnson's ambassador to Luxembourg,

a delegate to the United Nations and credentials chairman for the 1972 Democratic convention that nominated George McGovern.

Personality. A prominent Washington Realtor who has been a friend of Mrs. Harris for 25 years says that she is often abrupt, seemingly arrogant, aloof and generally difficult to know. But he says that she is also "self-confident, very demanding, capable and articulate."

Mrs. Harris was a member of the board of the legal defense fund of the NAACP. But she has not won the plaudits of all the rights organizations that might be expected to be solidly in her corner. The national headquarters of the National Association for the Advancement of Colored People, for example, offered only a "no comment" when asked for comment by reporters.

Mrs. Harris, 52, is married to William Beasley Harris, an administrative law judge of the Federal Maritime Commission. They live in the District.

...and a new look at housing policy...

Jimmy Carter's low-key approach to housing is facilitated by the fact that the industry has recovered on its own, with experts forecasting a solid expansion to 1.8 million starts in 1977. Thus the industry's calls for help can be viewed with less urgency than that with which a Democratic president might have viewed them a year ago.

Carter's most definitive statement on housing came just before the election, in a Q-and-A published by the National Association of Mutual Savings Banks. He asserted that "it is not because of any lack of federal programs" that "millions of low and moderate income families" lack suitable housing. Instead, he said, it was because of "the failure" of the Ford administration "to use effectively or to the fullest extent possible the tools it has at hand."

Carter said one of his first steps would be to eliminate "excessive red tape and foot-dragging." Also, he would not "rely principally on the Section 8 program, which to date has proven to be singularly ineffective." Instead, he said, "public housing, Section 235, Section 202, and the Farmers Home Administration programs will be used to their full potential."

Congress and spending. There was no sign whether Carter would opt for

a recession-cure housing program, as persistently advocated by Chairman William Proxmire (D., Wis.) of the Senate housing subcommittee.

Housing programs have "very small budgetary effects," Proxmire said, "and the right kind of housing-program

19

Ford shows how to whip inflation now

Casting his rusted WIN button aside, Gerald R. Ford and family have beaten a retreat from Washington. But, like homeowners everywhere, the Ford's

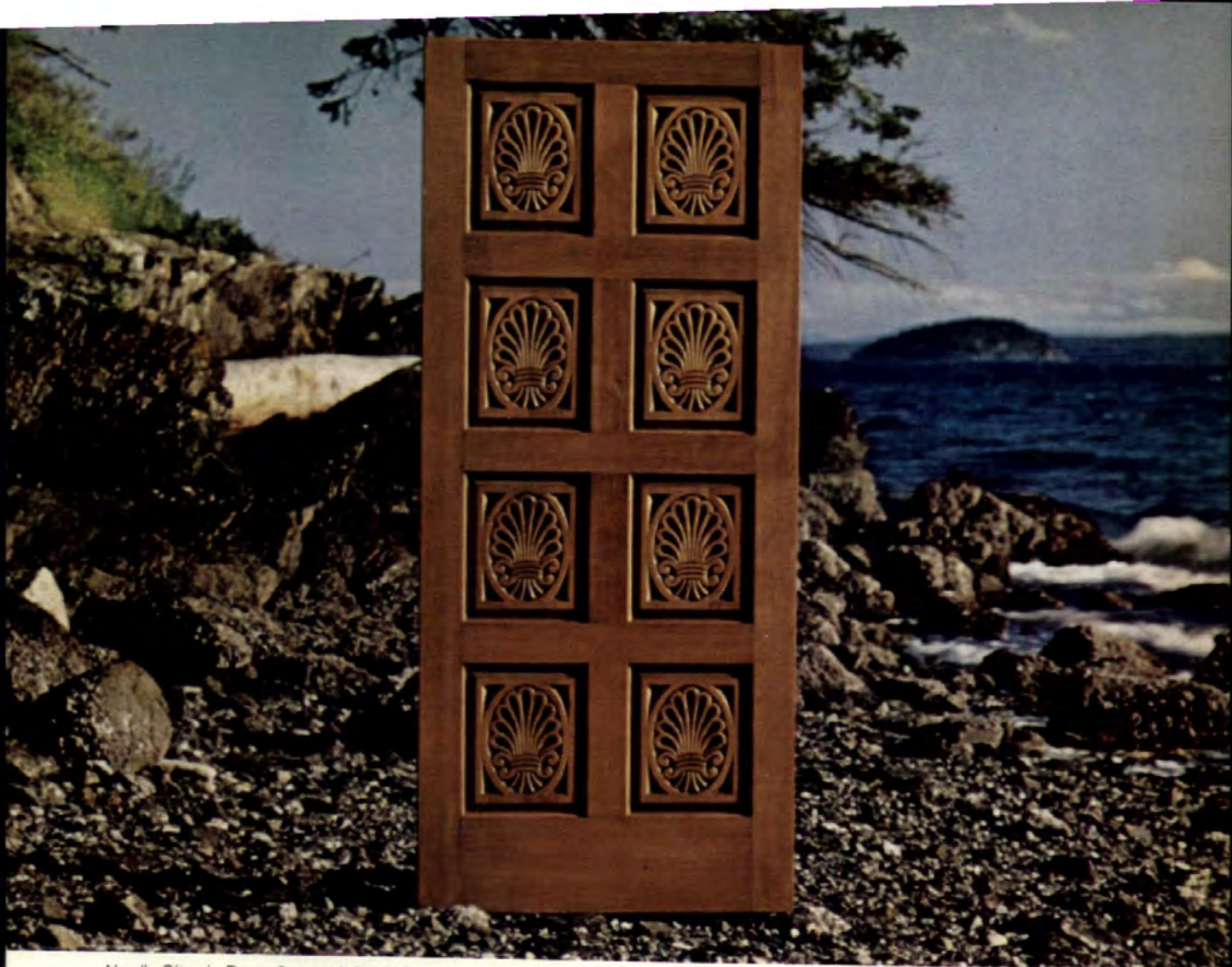


were stuck with one last chore. They had to sell their home in Alexandria, Va.

Whipping inflation to the contrary, the Ford dilemma illustrates one of housing's recent problems.

As a member of Congress in 1955, Ford purchased his suburban house for \$34,000. Three years ago, after the former Michigan congressman became vice president, the same house was reappraised at \$70,000.

On the heels of Jimmy Carter's election, the Ford family's former home (it was rented during Ford's White House tenure) was put on the block for \$137,000. A real estate salesman, Moussa Moaadel, shelled out the asking price in hard cash. Moaadel works for Shannon & Luchs, a Washington-based Realtor. The sale was engineered by Mrs. Barry Goldwater Jr., head of the Washington office of Previews Inc., a real estate firm in Greenwich, Conn.



Nord's Classic Deep-Carved 8-Panel Door



"Nord doors influence financing as well as sales. You just can't duplicate the look of real wood."

*Frank Teter
Teter Construction Company
Kent, Washington*

Frank Teter builds \$60,000 to \$80,000 homes. The majority are spec. And the majority have Nord entry doors. "A quality door has a definite influence on financing," explains Teter. "Lenders are critical of the products in more expensive homes. They expect more quality."

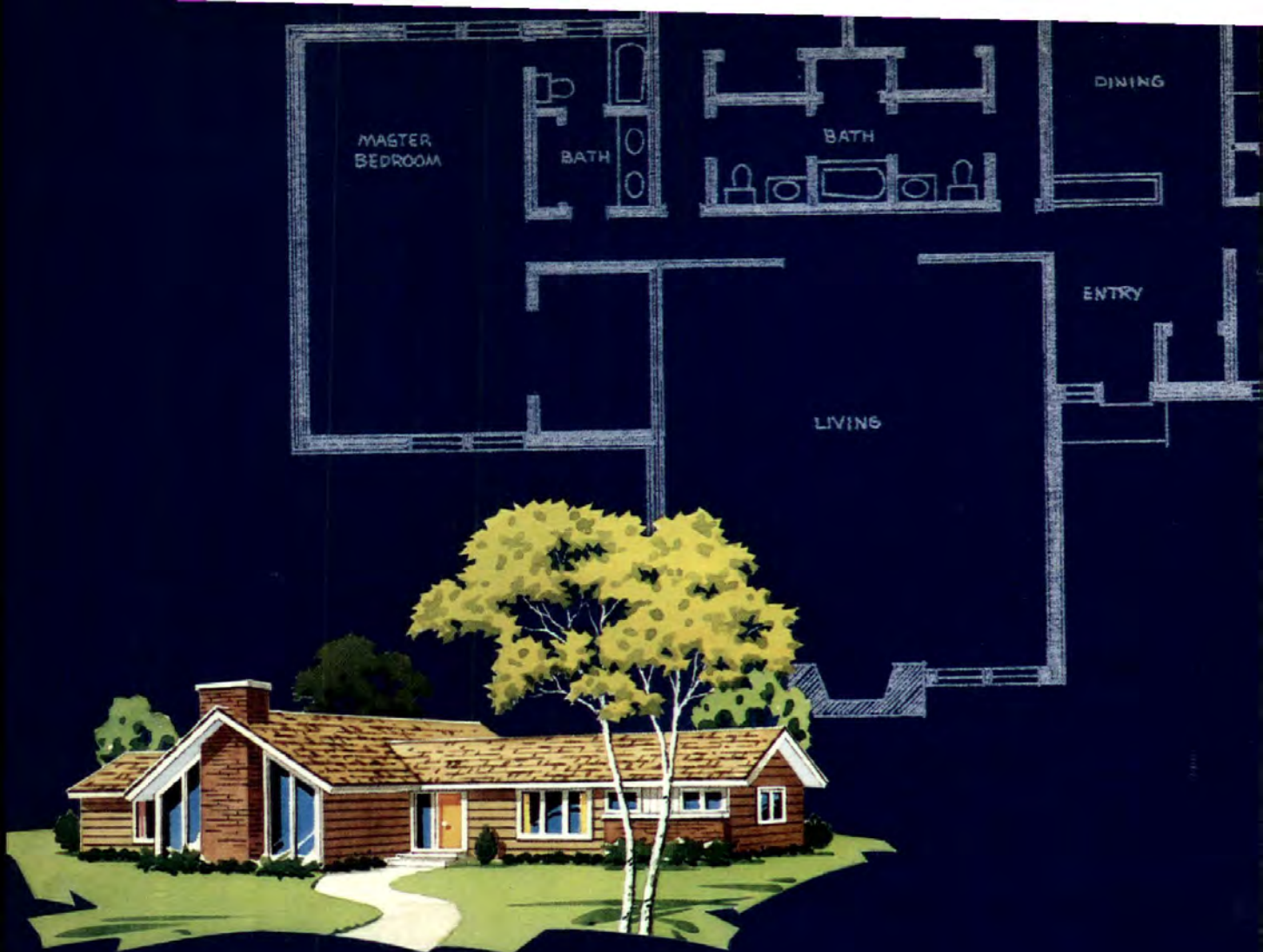
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Why does Frank Teter use Nord solid wood doors? "I've looked at metal and molded doors," says Teter. "They don't look like wood. They look false."

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stimulus can create about one million new jobs for a budget expenditure of only \$500 million, or at a cost of \$500 for each new job."

Proxmire compares this with an estimated cost of \$25,000 for many public works jobs, \$16,000 for a highway job,

and \$8,000 or \$9,000 for a public service job.

At HUD Mrs. Harris was presented with a five-foot shelf of specially assembled "transition documents" detailing decisions the incoming administration will be facing.

The congressional budget process requires committees to decide by March 15 on spending for the year beginning in October—and this means dollar decisions on most programs by mid-February.

—DON LOOMIS

McGraw-Hill News, Washington

Much ado (about nothing much)

Want to know each and every problem that outgoing Secretary Carla Hills has dumped on the desk of incoming Secretary Patricia Harris?

That hot, inside information about HUD programs is spelled out in exhaustive detail in six volumes that run to 700 pages.

When news of such an opus became available, two newsletter executives filed freedom-of-information applications to sick the law on any HUD bureaucrat who might try to keep the documents secret.

A pipeline that didn't work. The weekly newsletter *Housing Affairs* was particularly eager to see the papers early, right from the time it learned that the editor of one of its competitors, the housing lawyer Charles Edson, was a key member of Jimmy Carter's transition team on HUD and housing.

Housing Affairs feared that Edson might deal out inside information to his own newsletter, *Housing and Development Reporter*, from which he took a leave of absence to work for Carter.

But the managing editor of Edson's paper was getting nothing from his boss-on-leave, and both newsletters wound up filing freedom-of-information requests. A third newsletter, *Housing and Urban Affairs Daily*, followed suit.

The papers produced no news. They did spell out in awesome detail the paper shuffling in the farther reaches of HUD's bureaucracy of 15,000.

The crisis issues. An "imminent issue" in the office of the deputy undersecretary for field operations (DUSFO) was described this way:

"There is a dearth of trained public housing technicians in the department."

"Priority attention should be given to identifying and deploying" the field offices people "who are adept" at pro-

cessing public-housing applications, the document also said.

Another "imminent issue" seems to be that a transfer of power (Harris in, Hills out) generates morale problems, according to DUSFO, and "consideration should be given to some posi-

tive measure that would be reassuring to HUD's 11,000 employees in the field."

You can order the whole set of transition papers for what it costs to duplicate it—10 cents a page. That's \$70 or a bit more for this fine old first-edition set.

—D.L.

Iran getting U.S. housing factory

Cleveland's Thomas J. Dillon is taking his FCE-Dillon factory homebuilding system to Iran as managing director of the new Akam-Dillon Construction Co. of Teheran.

Owners of Akam-Dillon, besides Tom Dillon, are the National Corporation for Housing Partnerships in Washington, D.C., and the Akam Group, a combination of private Iranian construction companies.

Dillon originated his factory system in Cleveland in the 1950s. Akam-Dillon will use it in Iran under a licensing agreement with Forest City-Dillon Co., a subsidiary of Forest City Enterprises, the Cleveland homebuilding combine.

Factories. Dillon's plans call for building a precast concrete plant and a factory to produce bath, kitchen and heating modules at the same rate that FCE-Dillon turns them out in Cleveland—eight units a day or 2,000 a year.

Dillon hopes to bring 20 Iranians to Cleveland for training on FCE-Dillon facilities.

"One of the key points in our success there is the assembly-line aspect," he explains. "It breaks the erection of a multistory building into elements that can be taught to an unskilled worker."

"Conventional builders here are hard pressed to complete a high-rise building in twice the time it takes with the FCE-Dillon system. That spread should be even greater in Iran."

Materials. "Because of shipping costs, we will eventually buy everything that is of satisfactory quality in Iran or Europe," Dillon said.

"But I have been pleased that many American-made building products are priced lower in this country than their counterparts are in Europe. We have some good mass-production efficiencies here."

—ART ZIMMERMAN

McGraw-Hill News, Cleveland



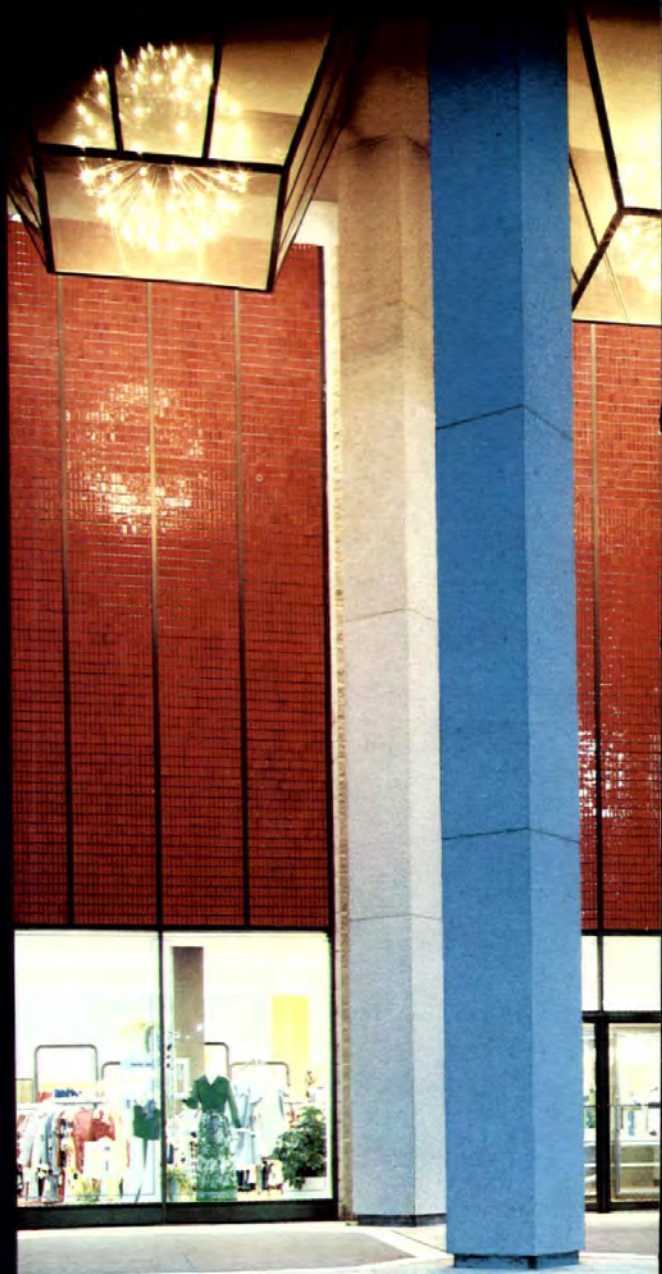
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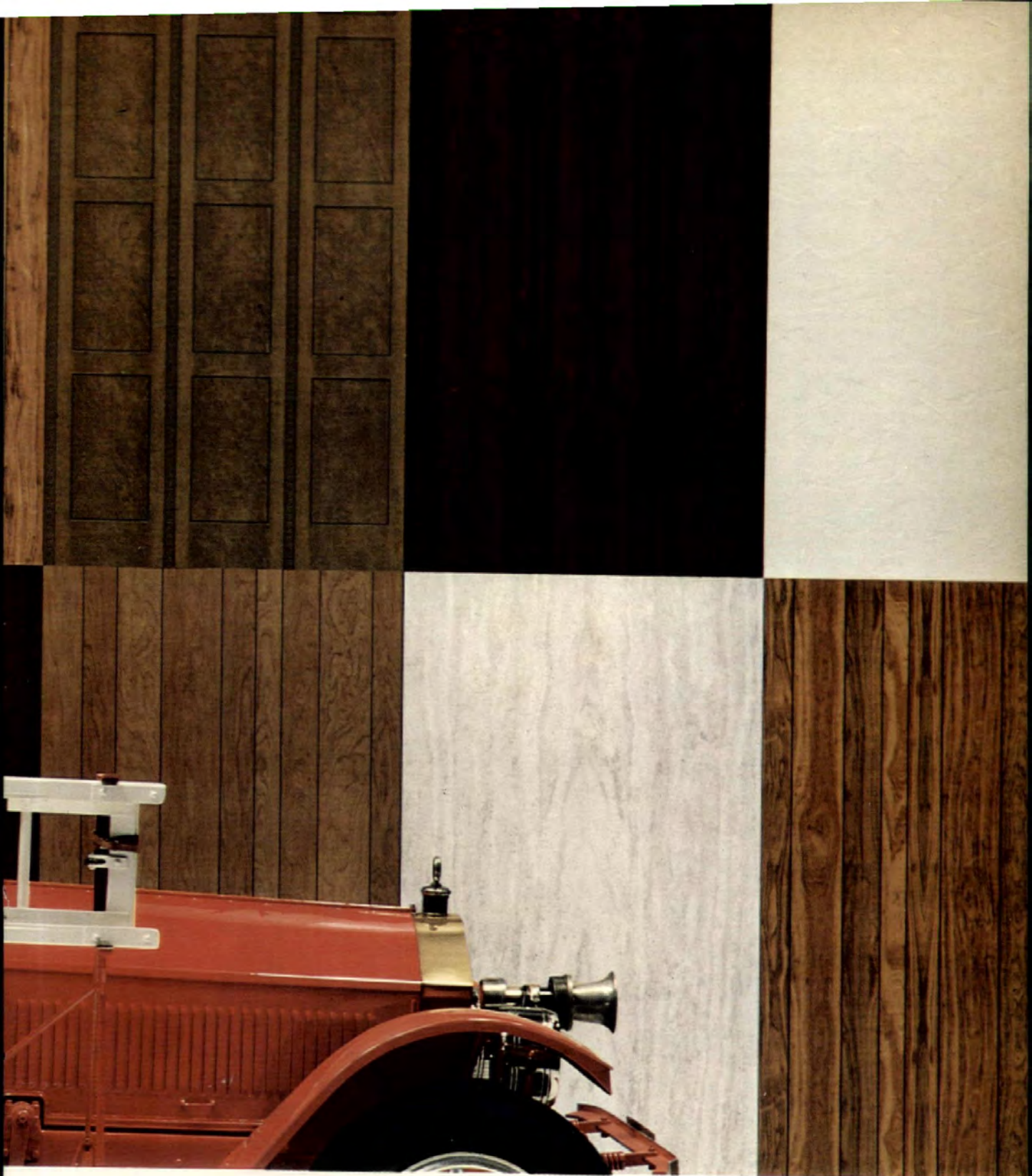
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NAHB president's plans

—and how he'll get along with new president of U.S.A.

Like his predecessor, John Hart, this year's president of the National Association of Home Builders is a big builder/developer and a midwestern conservative Republican.

But Robert Arquilla, 50, head of Burnside Construction Co. in the Chicago suburb of Glenwood, Ill., began bending with the new political wind even before he took over the association's plush executive suite in downtown Washington.

The fact of life that will dominate Arquilla's year at the helm of NAHB is that both power centers in the capital—the White House and the Congress—are now in the hands of Democrats, a cross that John Hart did not have to bear.

Dixie and diplomacy. Arquilla moved quickly to make sure that a builder with long ties to the southern Democrats—Vondal Gravlee from Alabama—will become “co-chairman” of the NAHB legislative committee. Gravlee will work along with Ernest Becker, a Republican from Las Vegas, who is on the ladder to be the NAHB president in 1978.

Arquilla indicates that Gravlee is more likely to be dealing with the Democratic senators and congressmen this year than Becker, and Arquilla also notes that Democrat Gravlee will be solo chairman of the legislative committee next year and is due to become president of the association in 1979.

Help for cities. Arquilla also created a new urban redevelopment committee to focus on problems of building and rehabbing in the inner city—a movement that seems certain to be continued and expanded by Carter and his team.

Arquilla, like Hart, still holds that inflation is the housing industry's foremost problem.

“Mr. Carter has stated that he feels the housing industry needs more help, and he talks about getting production [in 1977] up to two million units,” Arquilla said in an interview. “But let me tell you that at the production level we have right now we are having a hard time getting building materials and components at a reasonable price.”

A talk with Burns. Arquilla and a delegation from NAHB told Chairman Arthur Burns of the Federal Reserve that the housing industry “can produce

1.8 million or 1.9 million units without adding to inflation.” Arquilla said Burns agreed but also suggested that the builders forget about seeking new subsidy programs.

Arquilla agrees with Burns that no one “is truly smart enough to allocate funds” to different sectors of the economy, an idea that has been pushed by some Democrats as a way of guaranteeing housing a share of mortgage funds even during times of tight money. But Arquilla added:

“We still need . . . some type of legislation that would pour into our industry a certain amount of funding at a subsidized rate, perhaps, or perhaps not a subsidized rate . . . when starts dropped to a certain level.”

Pump priming. “If we're going to prime the pump, let's prime the pump realistically and rationally and see that our units are put in a location where they are needed,” Arquilla went on. “We don't want to create another [overbuilding] problem so that two years from now we'll be back down to 900,000 starts.”

One of Arquilla's very deep concerns about Carter, he said, is “his attitude on revoking the right-to-work law. There are 20 states now that have such laws, and I think it would be a catastrophe for our industry in particular if this law were changed.”

Washington labor experts say there's very little chance of right-to-work being repealed, but another of Arquilla's “concerns” about Carter—situs picketing—seems sure to be a red-hot issue in Congress this year.

‘I'm worried.’ The AFL-CIO and the building trades are pushing the situs picketing legislation that President Ford vetoed—and Jimmy Carter has said he will sign the bill if it comes to his desk. Says Arquilla, “I'm worried about what obligations he truly has to the labor unions . . . I would judge that common situs picketing would take our industry, which is about 35% unionized, and turn it into an industry that might be 95% union.”

Arquilla's year will be the time of the big shakeup for the NAHB's headquarters staff of 200. A new executive vice-president, David E. Stahl, replaces Nat Rogg.

—DON LOOMIS
McGraw-Hill News, Washington



Bob Arquilla listens . . .



. . . and reflects . . .



. . . and responds . . .



. . . and smiles triumphant



Keeper of key to money supply, Chairman Burns of Federal Reserve, receives NAHB's Bob Arquilla and John Hart. Burns had talked with President Carter a few hours earlier.

Housing growth— Burns holds the key

How well housing fares under President James Earl Carter depends on how fast the economy recovers and whether inflation picks up.

The trick is to get the economy moving without reaccelerating inflation, and most of the President's advisers believe that a tax cut of about \$10 billion to \$15 billion is needed early this year.

But whether a tax cut will be effective depends on Arthur Burns, chairman of the Federal Reserve system, and whether he supports it with an adequate supply of money.

Caution. Burns continues to emphasize the view that a solid housing recovery depends on getting inflation firmly under control. In a speech before the

United States League of Savings Associations, Burns warned that "a full recovery of residential building . . . will continue to elude us until our nation makes further progress in freeing itself from the grip of inflation."

Burns also told the league that he was against a tax cut at that time because he believed that the economy would bounce back to 6% growth rates without any help.

"In the case of the housing industry, as in other sectors of the economy, we would be well advised to use the traditional measures of monetary and fiscal stimulus cautiously," Burns went on.

And flexibility. The question is what Burns means by "cautious." In his first

meeting with President Carter, Burns reportedly said that he thought the president-elect's target of 6% real growth in 1977 in order to slice 1.5% off the unemployment rate was "reasonable." And in recent weeks the narrowly defined money supply (M-1), which consists of demand deposits plus currency, has been rising at more than 7%, well above the upper end of Burns' targeted range of 4.5% to 6.5%. The money supply plus net time deposits (M-2) has been growing at more than 13%, and that is also well above the upper end of the targeted range.

In short, Burns has eased monetary policy, largely in response to the weakening in the economy, and most analysts do not expect any tightening for some time. For most of the past year the monetary aggregates had been growing at or below the low end of Burns' range. This gives Burns plenty of room to let the money supply grow rapidly and still stay within his range.

Mortgage money. Burns' easier monetary policy is helping to strengthen the financial conditions supporting the housing industry. Short-term interest rates have been dropping, and will likely continue to drop for some time. This in turn makes savings institutions more attractive to investors, and savings inflows have continued to be very strong. There is plenty of mortgage money.

Mortgage rates have not dropped in response yet, but they have remained relatively stable at around 9%. And most analysts expect that they will either remain stable or taper off slightly to 8.75% in the first half of 1977, and then begin to rise slowly to 9% again as borrowing picks up to support greater homebuilding.

BRIEFS

A condo sellout is reported in Florida! The Harbor Bluffs development in Clearwater ran 80% vacant for two years. But after a three-hour auction, Robert Rouse and Associates hung out a no-vacancy sign. The Los Angeles marketing company's sale drew almost 5,000 persons and bids totaling almost \$2.5 million for 62 units.

A \$45-million joint venture is launched in southern California. Broadmoor Homes of Tustin and

Weathersfield Homes of Santa Ana agree to produce 570 detached houses at Diamond Bar, a planned community in Los Angeles County. Sales start next month.

A warning goes out. Construction of big regional shopping centers will slow, according to Lee Corbin, president of Space Management Corp., and a partner of Property Management Associates of Sacramento, Calif. He cautions that the saturation point for regional centers is at hand

and that growth in the next five years will occur mainly in centers occupying less than 20 acres.

A boom goes down the drain in the adjacent cities of Norco and Corona in California's Riverside County. Houses have been selling like mad for two years, but now the sewage system is overloaded. Corona is limiting permits to 450 a year and Norco is slapping a \$1,300 fee on each permit. It also has a building moratorium.

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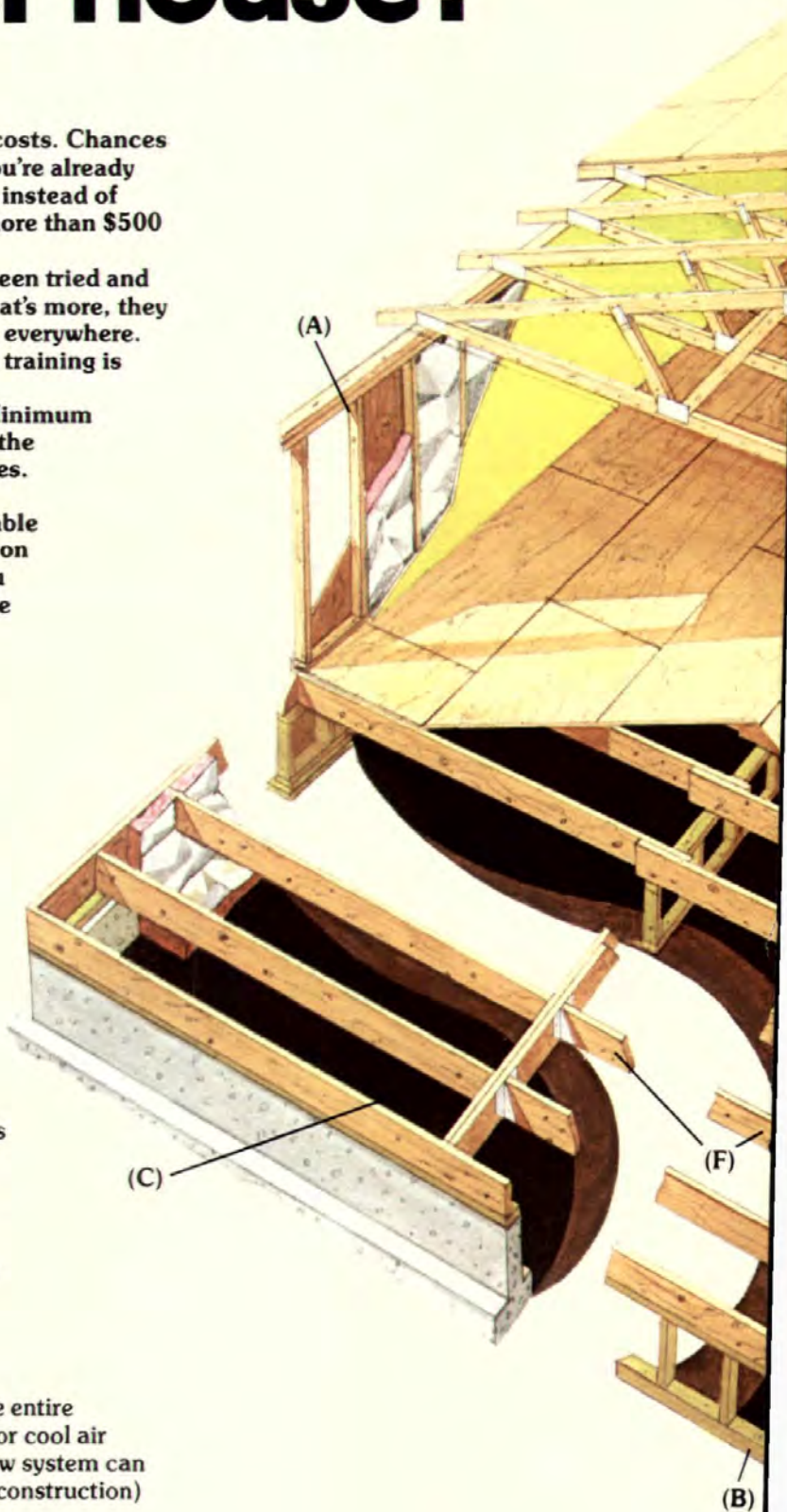
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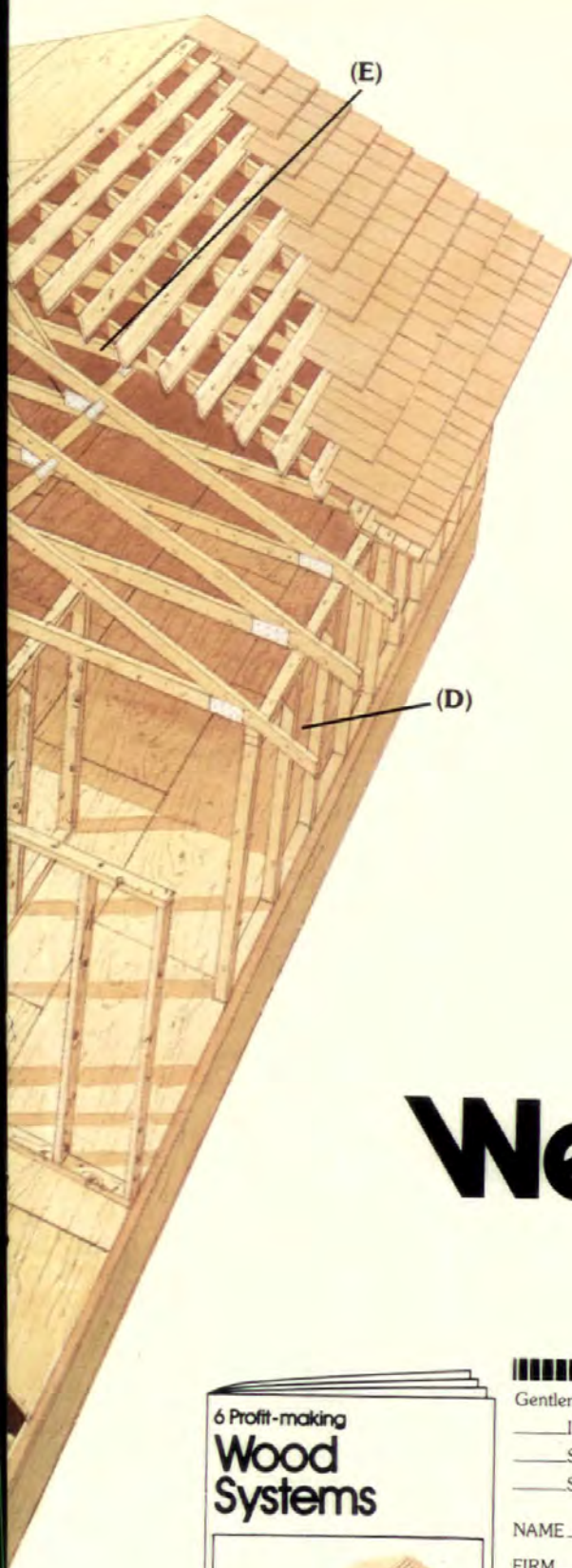
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(B) **Foundations:** All-weather wood foundations provide a dry, insulated basement or crawl space. They are easy and economical to build and can be constructed in any weather. In two identical test houses constructed in Maryland, one with a concrete block foundation, the other an all-wood foundation, the treated wood foundation cost \$300 less.

(C) **Plen-Wood:** The Plen-Wood system uses the entire underfloor area as a plenum to distribute warm or cool air throughout the house. NAHB tests show this new system can save up to \$330 per house (compared with slab construction) depending on location and local codes.





(E)

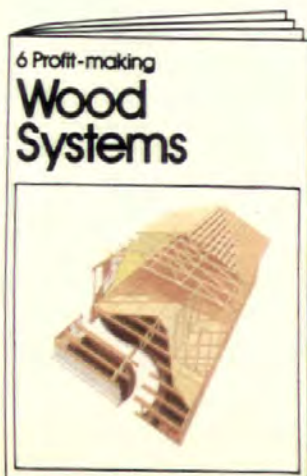
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The fight over a new FHA

Should it favor the poor borrower or the rich mortgage lender?

A tug-of-war is on over the fast-fading Federal Housing Administration.

The Carter administration, congressional Democrats and the housing industry's trade groups all want to see the agency saved and revitalized—but the question is how.

Carter and many in Congress want to reorient housing policy—and that includes the FHA and its functions—to do more for the poor people trying to buy housing. But the Mortgage Bankers Assn. and its housing-industry allies want a reborn FHA that will shed all connection with uneconomic subsidized housing. The scandals of the FHA's housing projects of 1970-2 live vividly in memory, and the mortgage bankers don't want a new agency to travel its predecessor's well-worn route to bribery, fraud and perjury. [See "The FHA Scandals: Bryan Boyer's Book, 'Cities Destroyed for Cash,'" H&H, Dec. '73 et seq.]

Carter: a 'shambles.' President Carter is alert to the problems of the FHA. He criticized a \$600-million FHA deficit during his debates with Gerald Ford, and in a post-election television interview the new President called the agency a "shambles" (see page 11). Before the election, in a campaign statement to MBA, Carter promised that "a streamlined, professionally led and staffed FHA will be top priority."

The MBA's lobbyists are using that campaign utterance for all it is worth. Says one: "I remind Carter people of it whenever I sense some drift."

The MBA is worried that the 95th Congress may offer the last chance to prevent the death of the FHA, which since 1934 was the great pacer in the development of middle-class housing. As recently as 1959, about 22% of new housing units were FHA-insured. Now 5% are. Sums up a source with the Mortgage Bankers Association:

"Volume keeps declining and FHA morale keeps sliding. If FHA isn't straightened out, a lot of lenders will go conventional."

The S&L threat. Already, the MBA man notes, the savings and loan industry has made one abortive attempt to float a proposal for federal insurance of conventional mortgage loans. The S&L men thought better of it after the

private mortgage-insurance industry, which S&Ls now depend on, fought off the proposal as a new form of government competition with their business.

Congress and Carter administration officials will endorse some of the reforms MBA is proposing. The mortgage bankers would drastically reduce the number of programs FHA administers in order to slash the red tape which has been strangling the agency. Few oppose such reform.

The MBA would also give FHA a lot of independence from the parent Department of Housing and Urban Development. Whether this will come off remains a question.

The mess. The case for such a reorganization is strong. Most diagnoses of what went wrong at FHA point not only to the subsidy-program scandals but to the reorganization of HUD in 1969. The shakeup was aimed at reducing the independence of agencies inside HUD and at getting a hold on FHA itself, the biggest and most self-sufficient of the sub-department agencies.

The reorganization produced a species of bureaucratic scrambled eggs. All parts of the HUD bureaucracy had a say in running FHA's programs but none had responsibility for getting the agency's job as a mortgage insurer done. Now, says a lobbyist for one of the other trade associations aiding in MBA's bid to fix up the FHA:

"Even to get money under Section 221-D-4, which isn't even a subsidy program, you have to go through a million layers [of officials] before you can even talk to a housing man—let alone get an answer to the question, is this a good project that we can underwrite?"

Class struggle. The mortgage bankers are running into trouble with politi-

cians in trying to turn the clock back so FHA is once again a middle-income housing vehicle. The private mortgage insurers, insuring conventional loans, have virtually all of that market these days, and they certainly don't intend to give it up.

Moreover, even more than the previous Republican administration, the Carter team wants to build up FHA's role in bolstering private mortgage lending in declining neighborhoods and in the so-called redlined areas populated by the cities' poor. The lack of any big effort on this front in MBA's blueprint was the big drawback the proposal had in the eyes of Carter's housing specialists. The blueprint had simply suggested that the HUD secretary review the subsidy programs now in the FHA repertoire and report back in a year with recommendations.

Rival proposal. It didn't help the mortgage bankers' case when the S&L industry came up with its own "shared risk" proposal to help the cities. Under that plan, to be operated through the Home Loan Bank Board, Washington would insure 80% of any loan made in a deteriorating neighborhood. If this goes through, it will in effect create a rival for FHA—a rival doing business exclusively with the S&Ls. That might well be the death blow for the FHA itself.

To head that off, the MBA experts are redrafting their blueprint to incorporate the 80% government-insurance idea in a revamped FHA. Their hope is that not only will this meet political objections to their blueprint by Carter's aides but also line up the savings and loan industry among the groups backing their FHA plan. —STAN WILSON

McGraw-Hill News, Washington

HUD choice endorsed by mortgage bankers

Kennon V. Rothchild, president of the Mortgage Bankers Association, has said he has "high expectations" from Patricia Harris as secretary of housing.

"While we have indicated our preference for an experienced person," Rothchild said, "our primary concern is the policy this person will carry out."

"If Mrs. Harris continues to speak

of HUD's policy as President-elect Carter has, if she shows the same commitment to FHA revitalization that he has, we have high expectations for the administration of the department."

The association represents 890 mortgage banking firms. Rothchild issued his endorsement statement in Washington.



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Mortgage rates on skids for '77

This winter the mortgage market has been testing just how far mortgage rates can fall before savings and loan institutions have to call a halt to the declines to protect their pinched profit margins. The good news for builders is that the declines registered so far ought to hold for most of 1977.

One mortgage analyst with the Home Loan Bank Board, Economist Donald Kaplan, says rates could keep sliding until April before they level off. Kaplan points out that, seasonally, the first quarter is particularly good for S&L deposit inflows, while at the same time the weather reduces mortgage-loan demand.

Resistance to cuts. The limit to how far the S&L lenders can cut mortgage rates is close at hand, all the same. It is determined by the spread between the cost to lenders of deposits and the return on the loans they make. The best estimate is that the S&Ls entered 1977 with an average cost of 6.4% on funds and an average return of about 8%. Given the fact that overhead costs eat up 1% of the 1.6% difference, lenders will stonewall as well as they can against any further mortgage rate cuts.

The pressure to cut has been intense. The economy has been in a surprisingly long stall and, while mortgage rates are normally the last to come down, even they have been doing so as investor money has flooded the mortgage market.

Pressure to lend. Last year, the S&Ls had an enormous \$50 billion in funds to lend, much of them deposited

in the form of certificates costing the thrift institutions considerably more in yield than the S&Ls could make placing the funds in short-term money-market investments.

So S&Ls had to go out and beat the bushes for mortgage loans. That meant cutting rates, even in the strongest market in the country—California. Whereas prime conventional loan rates peaked in the Golden State at 10¼% at the end of 1974, the San Francisco Home Loan Bank Board's economist, Mark Riedy, forecasts they may bottom at 8¼% this year.

And Western Pacific Financial Corp., a mortgage banking company in



First Boston's
Hirschhorn
Reassurance for
mortgage market

Newport Beach, is now offering FHA-VA mortgages at 7¼%, or ¼% below the ceiling rate set by the FHA and VA in Washington.

The danger: prosperity. This rosy outlook for builders of relatively cheap and abundant money could fade if the economy were to liven up. A strong revival in business-loan demand in the banking system could drive up money-market rates, especially if the Federal

Reserve's money-supply managers fought to hold down the money supply. Were three-month Treasury-bill yields to soar to 6½%, that would divert money from the S&Ls. Mortgage rates would climb.

But even though there are signs that the economy is beginning to revive somewhat, no abrupt explosion of growth is expected. Assessing the outlook for short-term rates is the task of Laurence Hirschhorn of First Boston Corp., a leading investment banking house in New York City. Hirschhorn figures that the Treasury-bill rate won't even get to 5½%.

Reassurance. "We doubt that [money-market] rates will exceed 6% by year-end 1977 or 7% by year-end 1978 unless economic activity accelerates at a rate far in excess of the 5% to 5½% real growth we project for 1977 and 1978," Hirschhorn explains.

Making a similar judgment, Economist Kenneth Thygeson estimates that savings deposits at S&Ls this year will keep pace with the heavy inflows of 1976. Wall Street's Salomon Bros. goes further, estimating a supply of funds for the S&Ls of \$53 billion.

Eventually, late in the year, rising short-term interest rates are expected to combine to push mortgage rates upward a bit, but not a lot. In 1976, the Bank of America upped its portfolio of new mortgage loans to the tune of \$2 billion, and the bank's George Haley is also sanguine about this year, saying "We look for 1977 to be a good year in real estate." —S.W.

Condo apartments marketed with an easier-term financing plan

The plan provides 40-year 7½% mortgages instead of standard 30-year 8½% loans, and thus cuts buyers' monthly payments substantially. It is a cooperative venture of the Williamsburg Savings Bank of Brooklyn and builders Seymour Sadkin and Mike Cassino. The builders are developing Elmwood Park, a combination townhouse/mid-rise condo apartment project in Staten Island, N.Y. The project, which opened in late 1975, will have roughly 2,400 units when it's built out.

The pilot mortgage program affects 164 units in Elmwood Park's first (and just-completed) mid-rise building. The primary and obvious purpose is to make it easier for buyers to meet monthly mortgage payments. But the developers also hope the program will be a traffic builder for the project's townhouses, which still carry 30-year, 8½% mortgages.

Availability of the extended-term, lower-interest loans was announced last September. By early December, 46

buyers had taken advantage of the offer. And the reduction in their monthly payments will be substantial: For example, a \$40,000, 30-year mortgage at 8½% costs \$307 per month; a \$40,000 40-year mortgage at 7½% costs \$263—or \$44 less.

Sadkin and Cassino are pleased by the initial response to their plan. But they feel it's too soon to tell just how much help the program will be in speeding sales at the project. The primary stumbling block, they say, is the same one that's plagued Elmwood Park since it opened—New York City's financial problems.

Biting the bullet. Sadkin and Cassino were able to work out the special

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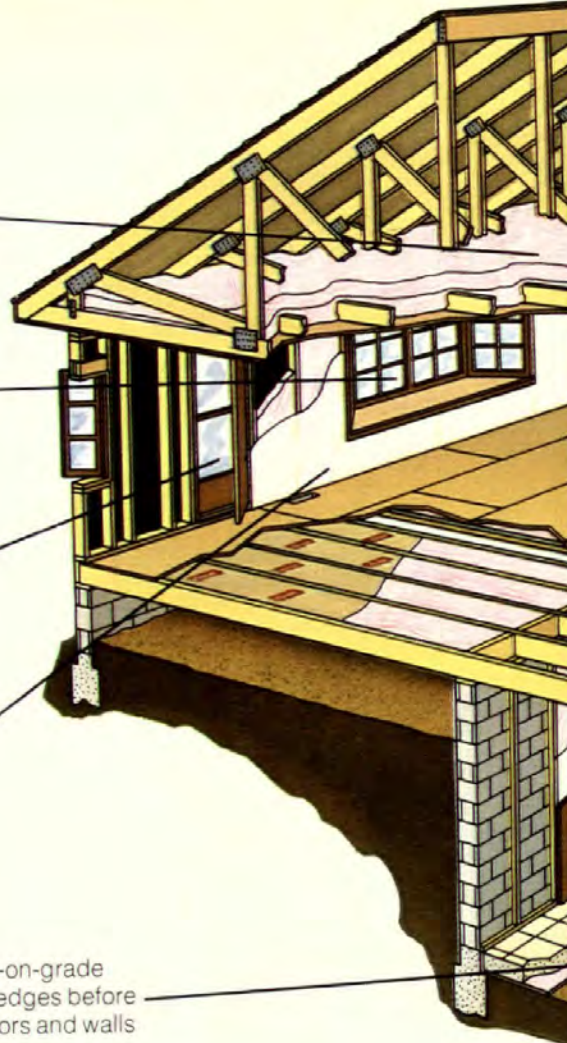
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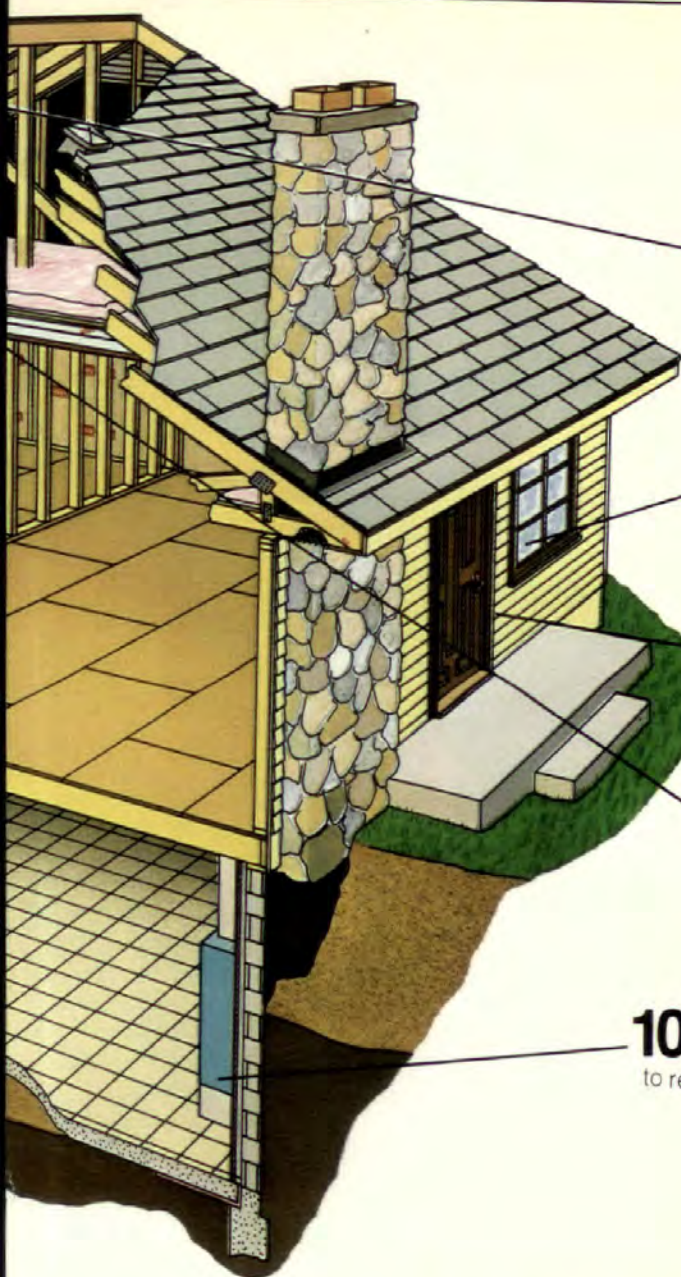


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terms only by agreeing to pay the extra percentage point themselves. Specifically, they're shelling out between \$3,000 and \$4,000 per unit, depending on prices—\$37,000 to \$63,000 for one- to three-bedroom apartments.

"With this deal we won't make much profit," Sadkin says. (He won't say how much.) "But merely extending the loans to 40 years wouldn't have cut monthly payments very much."

More specifically, the difference in monthly payments between 30- and 40-year \$40,000, 8½% mortgages is only \$14—far less than the \$44 difference available to Elmwood Park buyers.

A troubled project. Marketing for Elmwood Park's townhouses began at the worst possible time—just before New York City, faced with bankruptcy, began job cutbacks in all departments.

"At first we thought the city's problems would only affect prospects directly dependent on city jobs," Cassino says. (Staten Island is home to many city workers.) "But we found that people whose businesses depended on city workers also were afraid to make long-term commitments."

Then, Cassino says, a third market for the project became a victim of the

city's problems: "Older families holding city bonds found they couldn't cash them in. And others, with homes to sell, couldn't find buyers."

So although the builders had 101 townhouse contracts lined up in December 1975 for April 1976 occupancy, by the end of last year the actual number of sales was 90, with seven more pending.

Nevertheless Sadkin and Cassino feel that the early favorable market reaction to their easier-term mortgages is an indication that all sales at Elmwood Park will pick up. "We're the best of a disaster area," they say. —J.R.V.

SKYVIEWS



BOB SCHIFF



Mid-rise and townhouse condo apartments (above) are being merchandised with furnished models, like the one at right. Rec facilities at the project will include a swimming pool, tennis courts and saunas.

Elmwood Park: A different kind of housing for the area

Most of Staten Island's residential neighborhoods consist of one- and two-family houses built row-by-row with conventional setbacks.

Elmwood Park is planned to give buyers more of the environmental quality that condo owners in other marketing areas enjoy. The townhouse and mid-rise apartment buildings are grouped around broad, landscaped areas. And the community will include a variety of recreational facilities and a clubhouse.

The project has received awards of excellence from the Staten Island Homebuilders for both its exterior and interior design. Stanley Klein and Norman Jaffe are the architects. Model interiors are by Norman Harvey Associates.

Second-chance mortgage plan launched

Lenders have always maintained that the outcry over redlining of the inner cities was unjustified—that a "bankable" mortgage was always granted, even when the borrower came from a supposedly redlined area.

Now, all over the country, lenders are backing that contention by setting up a second-chance mortgage plan for rejected borrowers.

Milwaukee, Chicago, Boston, Pittsburgh, Denver, Cincinnati, Cleveland and now New York State have named review boards to which borrowers can appeal a lender's rejection. And the

U.S. League of Savings Associations, based in Chicago, reports that interest in second-chance plans is rising in a dozen other states.

New York's \$50-million pool. The review boards differ from city to city, but the idea remains the same: to have both lenders and public-interest representatives from outside the mortgage industry scrutinize a loan rejection. If a review suggests the mortgage really is worthwhile, the review board usually refers it to a second lender.

The New York State plan, not yet in operation, is a joint activity by the

state's mutual savings banks. It goes further than others by setting up a mortgage-review fund of at least \$50 million contributed by the savings banks. The idea is that any loan approved by the review board will be referred to a savings bank—and on to the review fund only if the savings bank rejects it.

Yet the Mutual Savings Banks Association of New York State emphasizes that the pool is not like the auto insurance industry's assigned-risk pool, from which drivers with bad-risk records get insurance for expensive premiums.

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Bob Johnston demanded an end to the off-season.



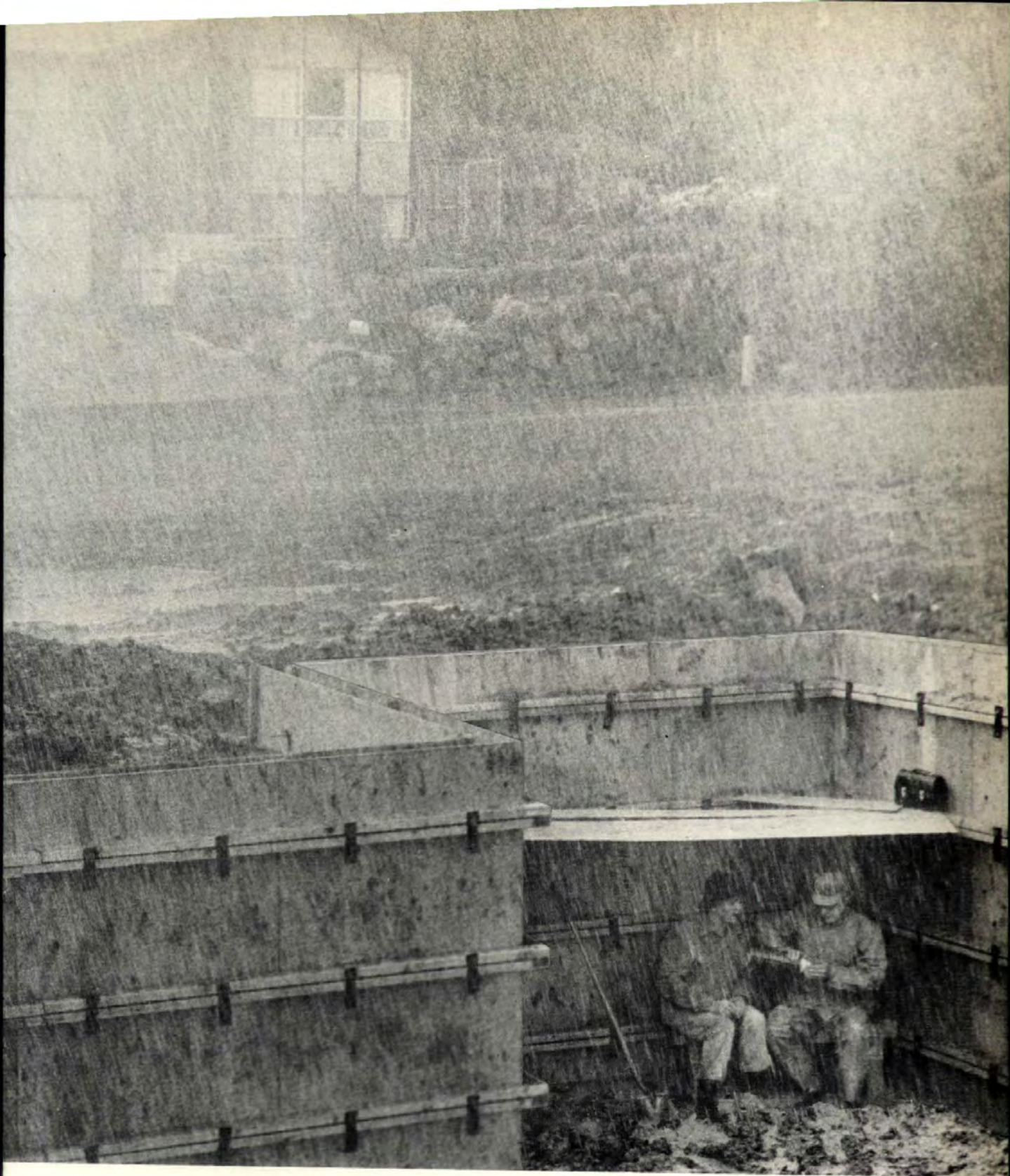
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"The pool is not in any way going to be providing mortgages of substantially higher risk but is going to check out redlining," a bank spokesman says.

Criticism in Chicago. The ultimate role of the review programs will probably take some time to emerge. In most cases, only one or two loans have been brought in for review.

The absence of a clamoring herd of rejected borrowers is raising questions. Some in the industry feel it proves what they contend—that redlining is not a great problem. But the backers of the Pittsburgh program are drawing a different conclusion—that the word of the second-chance program's existence may not have reached slum dwellers. So wider promotional efforts are planned there.

In Chicago the housing activist Gale Cincotta, who first raised the cry of redlining two years ago, is dissatisfied with

the local review board. Her Metropolitan Housing Alliance is upset by the lack of advertising for mortgage lending. The alliance argues that many

Boston's Wilkinson
Sees a wider
understanding



people don't even come in to apply at a lending institution for a loan because they expect to be turned down.

Praise in Boston. The Boston program has inner-city residents on the review board and it also has had a larger

volume of cases—around 20. This is still less than 1% of mortgage loans made in Boston each year.

The Charlestown Savings Bank's chairman, John Wilkinson, who proposed the plan that Boston savings banks are using, says none of the 20 cases has led to a verdict of redlining. However, he adds, in several of the cases the bank that had rejected a mortgage took a second look and approved.

Lenders still feel the real need is for upgrading neighborhoods so their lending decisions will not be so difficult. Says Wilkinson:

"We have still got to find a way to get up momentum."

He feels, however, that the review-board experience has improved communication with inner-city residents: "They are beginning to understand our problems and we are beginning to understand theirs," he explains.

—STAN WILSON

McGraw-Hill News, Washington

LITIGATION

Kaufman and Broad's accord upset

In a turnaround that took the housing industry by surprise, the Federal Trade Commission has withdrawn its consent agreement with Kaufman and Broad and reopened its investigation into a 1972 complaint that the big Los Angeles-based builder made misrepresentations in selling its houses in the Chicago area.

In Washington, the commissioners said they were no longer content with K&B's promises last April to start giving ten-year structural warranties to buyers and to make repairs. The commissioners may ask K&B to give redress to customers on all homes sold as far back as 1972.

'We're not very happy.' The commission's move holds serious implications for K&B because a stiffer order could cover 20,000 houses and apartment units that it has built all over the country in the last four years. The decision irked company executives, who claimed that K&B had already given redress to dissatisfied customers in the form of repairs and other services.

"We're not very happy about being dragged through this thing again," said one spokesman. "We had considered this entire case closed."

The case did seem closed last April,

when the FTC culminated a four-year investigation of K&B by asking it to agree to a consent decree specifying the steps the company would take to improve its marketing and construction practices [H&H, June '76]. The FTC changed its mind about that agreement in December, however, after a routine review of public comments.

New complaints. Twenty persons, some bearing petitions from their dissatisfied neighbors, argued that the April agreement should have provided remedies for those who already owned homes. The commission agreed.

Jerome S. Lamet, assistant regional director at the FTC's Chicago office, which will spearhead a new investigation, says that commissioners now wish to see if customers back to 1972 "should possibly get redress."

'Lot of people shivering.' The industry is watching. One Los Angeles contractor says that "a lot of people are shivering about this case," and he adds that many are wondering if contractors might eventually be held responsible for homes sold long ago and forgotten. In the case of K&B, the FTC is looking at transactions made in 1972 because that is when the government opened its investigation.

Some K&B customers corroborate the company's claims that it has made an effort to clear up problems. Patrick N. D'Angelo Jr. says his Marlton, N.J., home has been repaired, although he says that he had to complain repeatedly to get action. Ultimately, he says, K&B performed to his satisfaction.

Others, however, say grievances have not been redressed. Some have even filed suit against K&B. One attorney representing owners of a K&B condominium in Long Island says that alleged construction defects include insulation problems that have caused water pipes to freeze overnight.

Management reform. The company has maintained that there have been isolated problems with some of its housing in the past, due to some poor management at a time of booming expansion. Chairman Eli Broad came out of semi-retirement to engineer management reforms after the company lost \$29 million on sales of \$295 million in 1974. He has turned the company around and restored profitability. Last year earnings were \$820,000, and they rebounded to \$5.5 million during the first three quarters of 1976.

—MIKE MEALEY

McGraw-Hill News, Washington

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Court lets suburbs zone out poor

The U.S. Supreme Court has virtually written a blueprint telling white suburbanites how they can legally keep multiunit housing for the primarily black poor out of enclaves of expensive single-family homes.

The decision, in a landmark case involving the village of Arlington Heights northwest of Chicago, is part of a trend toward rights rulings that hold unlawful only those actions that intentionally discriminate against minorities. The rulings condone local governmental moves that may have a discriminatory impact if the actions were not taken for discriminatory reasons.

Lewis F. Powell Jr., joined by four other justices, ruled that zoning decisions are constitutional if they are based on valid land-use criteria. Civil-rights groups trying to open up new areas for blacks, Hispanics or other minorities bear the burden of showing that they are being kept out of residential areas by rules grounded in illegal racial or ethnic discrimination rather than legitimate economic considerations, the majority said.

Demur rather than dissent. Even the three justices who refused to go along with all of Powell's opinion—William A. Brennan Jr., Thurgood Marshall and Byron R. White—did not disagree with that reading of the Constitution, although they argued that it was not clear how the Arlington Heights controversy would measure up to the new criteria. (Justice John Paul Stevens, on the court of appeals in Chicago when the case was heard there, removed himself from the matter at the high court.)

The Metropolitan Housing Development Corp., a nonprofit operation which builds low- and moderate-income housing, wanted to put a 190-unit, Section 236 project on 15 acres in Arlington Heights because a Catholic religious order offered the land for \$300,000, well below going market price. The city, after extensive hearings, refused to rezone the land from

a single-family, detached-house status to a multifamily category that the town's comprehensive plan envisioned. It was to be used only as a buffer between single-family zones and those for commercial or industrial development.

Racial issue. Since it was likely that 40% of the residents of the complex that MHDC wanted to build would be black—compared with far less than 1% of Arlington Heights' current residents—the housing group called the rezoning denial a violation of the fourteenth amendment's requirement that all groups get equal treatment from government bodies.

The trial court did not accept that argument, but the U.S. Court of Appeals in Chicago did. It was the court of appeals judgment that the Supreme Court reversed in mid-January.

Powell made clear that to upset a local zoning decision on constitutional grounds, civil-rights activists did not have to show "that the challenged action rested solely on racially discriminatory practices." Excluding the kind of housing that blacks or Chicanos could afford would be unlawful if opponents could show that racial or ethnic discrimination was merely one of the motives influencing a town council or zoning board.

A how-not-to-do-it. Powell even spotlighted "evidentiary sources" that might show such discrimination—in effect a list of no-nos for commissions that want their zoning decisions to withstand court scrutiny:

- A pattern of government actions "taken for invidious purposes" would suggest that a zoning decision with a discriminatory effect was simply part of an overall plan to exclude unwanted minorities.
- A zoning decision that specifically excluded multiunit structures that was taken after proposals for low-cost housing surfaced would be suspect.
- Hurry-up decisions, or any procedures that departed from the usual way zoning requests are handled, would indicate some nefarious motives.
- Actual statements by city officials or others involved in the decision could be used to show racial motivation for their actions.

Not the final word. In the Arlington Heights situation, some speakers at public hearings on the MHDC proposal clearly based their objections to the rezoning on what they saw as the "social issue"—the undesirability of racial integration. But the plan commission and village board of trustees were careful to

Justice Powell
Writes majority opinion



base their decision on what Powell calls "the zoning aspects." The commission report, in fact, acknowledged the need for more low-priced housing in the area but stressed that it was inappropriate at the site under consideration. Powell emphasized that the policy of using multiunit zoning only for buffer zones was established long before the MHDC project was started, and that homebuyers in the immediate vicinity made their investments with the understanding that the neighborhood would remain exclusively for single-family detached houses.

The Supreme Court decision, while setting out clear constitutional guidelines for future court tests of the discriminatory effect of zoning decisions, does not settle the Arlington Heights controversy. The justices told the lower courts to consider whether the refusal to rezone violated terms of the 1968 Fair Housing Act.

Hope for vindication. Arlington Heights officials have maintained from the beginning that they were unjustly accused of basing their zoning decision on racial considerations, and they reiterated that position after the Supreme Court ruled. The village's attorney, Jack Siegel, said:

"It was a multifamily development in the wrong place. That's what the case has always been about. I trust opinion will clear up the completely unfair labeling of our village as being racially discriminatory."

Mayor James T. Ryan added: "I fully expected us to prevail. Reasonable people will view this decision for what it is."

—DAN MOSKOWITZ
McGraw-Hill News, Washington

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GENERAL  ELECTRIC

Builders on the move

Promotions and appointments pace the housing industry's activity on the West Coast.

Gale Moffett, 35, steps up as northern California director of marketing for Broadmoor Homes in San Leandro. He'll help sell \$150 million in residential projects in Contra Costa, San Mateo and Alameda counties. Top priority goes to Broadmoor's \$80-million, 1,028-unit Crow Canyon country-club community near Danville.

Monty G. Polson becomes senior vice president of the Larwin Group's northern and southern California subsidiaries with headquarters in Encino. He had been vice president of sales for the company's San Diego and Los Angeles operations.

Geoffrey Stack, 33, is promoted to executive vice president of Richards West, the Orange County developer. Stack has been a vice president of the company, a subsidiary of the New York-based Richards Group, since 1974.

Ron Finch becomes vice president of Avco Community Developers of La Jolla, Calif. He's a former assistant vice president at First National City Bank of New York, and he will direct ACD's financial planning and joint ventures. It's a subsidiary of Avco Corp. of Greenwich, Conn.

And **Richard L. Hall**, president of La Linda Homes in Orange County, is chosen as program chairman for the Pacific Coast Builders Conference, slated June 1-3 at the Fairmont in San Francisco.

In Florida, meanwhile, **Paul S.**

Pariser is tapped as executive vice president of Oriole Homes and president of a wholly-owned construction and development subsidiary. Pariser has been a joint-venture partner with Oriole for five years and is a director. The company operates out of Margate.

In the Midwest, **Arthur Kelter Jr.**, 29, becomes manager of marketing services for Hoffman Homes of Chicago, a subsidiary of the Hoffman Group. He had been an assistant property manager for the Chicago operation.

Denver's Environmental Developers, with living-and-recreational communities in Chicago and Scottsdale, Ariz., appoints **Terry Coke-Kerr** as

director of marketing. Mrs. Coke-Kerr had been an account exec for a New York advertising agency.

Associations

Ed Cox succeeds the veteran **Herb DeShong** as executive vice president of the Home and Apartment Builders Assn. of Metropolitan Dallas. Cox has been editor of the association's excellent publication, *The Home and Apartment Builder*. DeShong headed the Dallas HBA for 22 years.

Joseph T. Aveni, president of Hilltop Management Co. of Cleveland, is



Avco Community's Finch
From bank to
builder/developer



Broadmoor's Moffett
Selling
\$150-million package



Richards West's Stack
Promoted on coast



Larwin's Polson
Moves up the ladder



Homex execs go on trial

Five former officials of the Stirling Homex Corp. went on trial December 23 in Federal District Court in New York City on charges of fraud in the sale of nearly \$40 million of the big modular housing manufacturer's stock.

The nine-count indictment named David Stirling Jr., former chairman of Stirling Homex; his brother, William G. Stirling, president; Harold M. Yanowitch of Braintree, Mass., executive vice president; Edwin J. Schultz, chief accountant, and Rubel L. Phillips, a Jackson, Miss. lawyer who was once on the corporation's payroll. The Stirlings now live in England.

Stirling Homex stock, offered in February 1970 at \$16.50 a share, rose to \$55 before the company slid into bankruptcy in 1972.

Prosecution. In his opening statement, Prosecutor W. Cullen MacDonald said the defendants had fraudulently raised Stirling Homex's reported earnings by including big land sales, at inflated prices, to dummy corporations. He charged that the defendants used a forged \$15-million financing commitment, bribed union officials and doctored account books.

The indictment charged that \$240,000 in Homex stock had been used to

bribe officials of the United Brotherhood of Carpenters in order to assure favorable labor treatment for the company.

Defense. The Stirlings' lawyer, Albert J. Gaynor, said the Canadian-born brothers' company had been "a real operating success fulfilling an acute social need for low- and middle-income housing." He blamed the company's downfall on banks that suddenly called in big loans over the July 4 weekend in 1972.

The brothers organized Stirling Homex in 1968. Its plant was in Avon, N.Y., near Rochester.

The Windows Specified By Builders And Architects



Don E. Ahone, Chairman of the Board and Earl Hunt, president of Sterling Custom Homes Corporation, in Fond du Lac, Wisconsin, know their windows. They know which windows look

best and which continue to work best. They are totally familiar with the fuel wasters and the fuel savers. That's why they choose R.O.W top-quality wood windows.

R.O.W Sales Co.

1303-23 Academy Ave.
Ferndale, Mich. 48220



Plywood's 2-ply pricing is curbed

A Federal Trade Commission judge has just ruled that five plywood manufacturers have kept prices artificially high and forced homebuilders to pay more than they should for the product.

The five are Boise Cascade Corp. of Boise, Idaho; Champion International Corp. of Stamford, Conn.; Georgia Pacific Corp. of Portland, Ore.; the Weyerhaeuser Corp. of Tacoma, Wash.; and Willamette Industries of Portland, Ore. They supply 50% of the nation's plywood sheathing.

Phantom rates. Morton Needle-

man, an administrative law judge for the FTC in Washington, ordered the five to halt the phantom freight-rate practices that, he found, were raising plywood prices.

All of the companies except Willamette said they would appeal the decision.

The plywood industry expanded from the Northwest to the South in 1963, but new southern mills charged shipping rates just as if the materials had been shipped from the Northwest. Judge Needleman found that these

phantom rates were merely an arrangement for maintaining high prices and adding to gross profits.

Companies' replies. Georgia Pacific said that "the opinion is unbelievable," and Boise Cascade declared: "We do not believe his interpretation . . . is correct." Champion said: "We continue to maintain that the rate practices . . . are legal," and Weyerhaeuser announced that it had been advised by counsel that the decision "cannot be supported and should be reviewed by the FTC itself."

46 people

installed as president of the Institute of Real Estate Management. **Erwin B. Drucker** serves as president-elect through 1977. Drucker is a partner of Drucker & Falk Real Estate and Insurance of Newport News, Va.

Houston architect **John M. McGinty** takes over as president of the American Institute of Architects. He succeeds **Louis de Moll** of Philadelphia as head of the 26,000-member AIA.

Lenders

Garth Marston is named by outgoing President Gerald Ford as interim chairman of the Federal Home Loan Bank Board. Marston, appointed to the board two years ago, was to serve until January 20.

Louis Mock becomes vice president of Western Mortgage Corp. of Los Angeles.

Tom Coogan dies; headed NAHB

Thomas P. Coogan, president of the NAHB in 1950 and a nationally known authority on mortgage finance, died in a Boston hospital December 3 after a short illness. He was 78.

The NAHB's outgoing president, John C. Hart, said upon learning of Coogan's death:

"He was one of the giants of our industry."

Coogan became a builder at 25 after study at MIT. He founded Housing Securities Inc., a mortgage investment company, in New York City in the 1950s, and he was one of the first builders to enter the postwar commercial and residential market in Florida.

Coogan was named assistant secretary of defense for housing by President Truman in 1951 after his year as the NAHB's president. He was a lifelong

crusader for legislation to stabilize the supply of mortgage money for housing, and he was a familiar figure at more than 30 NAHB conventions. He was widely recognized as one of the housing industry's elder statesmen.



NAHB's Coogan
'Giant of our industry'

Carl Coan Sr. is dead at 65

Carl A.S. Coan Sr., for 20 years a key legislative aide to the Senate's Democrats in writing housing and urban development legislation, died December 21 at Georgetown University Hospital in Washington, D.C. He had been in Doctors Hospital for minor surgery when he suffered a cardiac arrest. He was 65.

Coan had been the staff director for the housing subcommittee of the Senate Banking Committee since 1961. He was its research director when he joined the committee staff in 1961. He had been an economist for the Bureau of the

Census and for the Housing and Home Finance Agency, predecessor of the Department of Housing and Urban Development.

Author of subsidy law. Coan had a national reputation as an expert on housing legislation and policy. He had a major hand in writing the housing law of 1959, when housing for the elderly got its start; the 1968 act under which the Democrats created the big housing-subsidy programs to meet the first national housing goals, which were defined by the same law; and the 1973 law that Congress passed after President

Nixon froze most of the Democratic programs.

Lectures and travel. Coan traveled widely to speak on housing matters. He had studied the new towns of several European countries, and last year he accompanied Senator Edward W. Brooke (R., Mass.) on a housing trip to the Soviet Union.

Coan was a native of Philadelphia. He leaves his wife, three daughters, five sons (including Carl Jr., the legislative representative of the National Association of Home Builders) and 31 grandchildren.

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Magic Chef is the one call supplier for builders. A full line of microwave ovens and kitchen appliances allows you to match the price/quality level of any home you offer. That broad selection allows you to add value to your homes with as little trouble and expense as possible.

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let him show you a microwave oven to suit your needs. From built-in models for 24" and 27" cabinets, to combination microwave and conventional wall ovens, to the latest in microwave cooking centers with range top and conventional lower oven.

Whatever your needs, you can be assured of uniform Magic Chef quality, perfectly matched appearance, and one source delivery and service.



Magic Chef.

The Cooking Experts.

To buy or rent? Computer helps prospects decide

The computer accomplishes in just a couple of minutes what it usually takes a salesperson hours to do: It spells out in dollars and cents the financial advantages of owning a specific house over renting a specific apartment.

And because the computer is a "disinterested third party," prospects are more apt to believe the figures than the assurances of a salesperson.

So says John D. Wilson, president of Hooker/Barnes Homes Co., which uses the computer to help market single-family homes in the Atlanta area.

How it works. The first job of the computer, Wilson says, is to show prospects why they should buy a house today, rather than wait a year or so.

So, using data about a specific Hooker/Barnes house plus the prospect's projected rental expense and estimated federal income tax bracket (see form, right), the computer compares the true annual after-tax costs of owning the house with the cost of renting.

For example, one Hooker/Barnes prospect was wavering between buying a \$35,000 house versus renting a \$280-per-month apartment. The computer first worked out that the effective monthly expense for the house, after applying monthly income tax savings, would be \$284—only \$4 more than renting. Then it showed that, assuming an appreciation rate of only 5% plus the reduction of mortgage principal, the prospect would accumulate a net cash equity of \$1,852 after one year.

Extra benefits. Besides giving the advantages of first-year ownership, the computer can figure out what an owner's equity will be after any given year. And because it pinpoints the monthly dollar saving a buyer can expect off his federal income tax, it allows



Prospects get buy-or-rent answer from computer (above) and data form (below).

APARTMENT LEASING vs. HOME OWNERSHIP			
CODED INFO		REPORT 400	
REPORT 100	INITIAL OUTLAY	REPORT 200	CASH OUTLAY
LINE		LINE	
11. PURCHASE PRICE	\$35,000	21. PRINCIPAL & INTEREST PAYMENTS	\$280
12. DOWN PAYMENT	\$7,000	22. PROPERTY TAX	\$20
13. CLOSING COSTS	\$2,000	23. INSURANCE PREMIUM	\$20
14. INITIAL CASH OUTLAY	\$39,000	24. UTILITIES & MAINTENANCE**	\$20
		25. TOTAL MONTHLY EXPENSE	\$280
		26. GROSS CASH OUTLAY	\$280
		27. TAX DEDUCTIONS (Based on interest and property taxes being deducted)	\$20
		28. EFFECTIVE MONTHLY EXPENSE	\$260
		29. ACCUMULATED NET CASH OUTLAY	\$260
REPORT 300		REPORT 400	
HOMESOWNER'S EQUITY ANALYSIS		THE COST COMPARISON	
LINE		LINE	
31. DOWN PAYMENT	\$7,000	41. AS A RENTER, TOTAL OF RENT PAYMENTS**	\$280
32. APPRECIATION IN MARKET VALUE	\$1,852	42. AS A HOME OWNER, YOUR TOTAL EFFECTIVE COST	\$260
33. CASH REDUCTION INCREASE IN EQUITY	\$1,852	43. ADDED EFFECTIVE COST (OR SAVINGS) OF RENTING	\$20
34. TOTAL EQUITY IN PROPERTY	\$1,852	44. AS A RENTER, THE COMPUTER CREDITS YOU FOR INTEREST	\$20
35. CURRENT MARKET VALUE OF HOME	\$36,852	45. NET ADDITIONAL EFFECTIVE COST OF DELAYING HOME OWNERSHIP	\$20

him to have his withholding tax adjusted downward accordingly.

"That information has helped us make several sales," Wilson says, "because families on tight budgets aren't always sure they can afford monthly out-of-pocket expenses while they wait for an income tax refund."

Another valuable feature of the computer, according to Wilson: If the first house a buyer selects proves too expensive for him to carry, the computer can figure out how much house the buyer can afford.

Hooker/Barnes paid \$1,600 for its

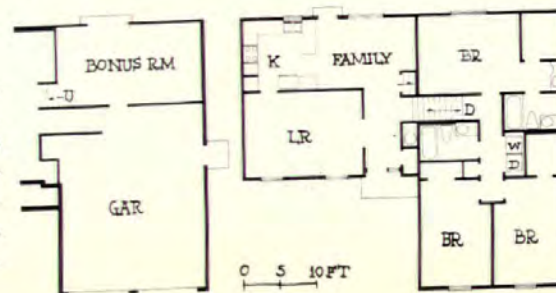
computer. Set-up charges were avoided by an agreement to provide the supplier with information on the program. Other associated costs have been for printed brochures, advertising and promotion and time-sharing on an IBM 365. Wilson estimates that each analysis costs \$2 to \$2.50.

Builders interested in adopting a similar system should contact: Computone Systems Inc., 361 East Paces Ferry Road, N.E., Atlanta, Georgia 30305.

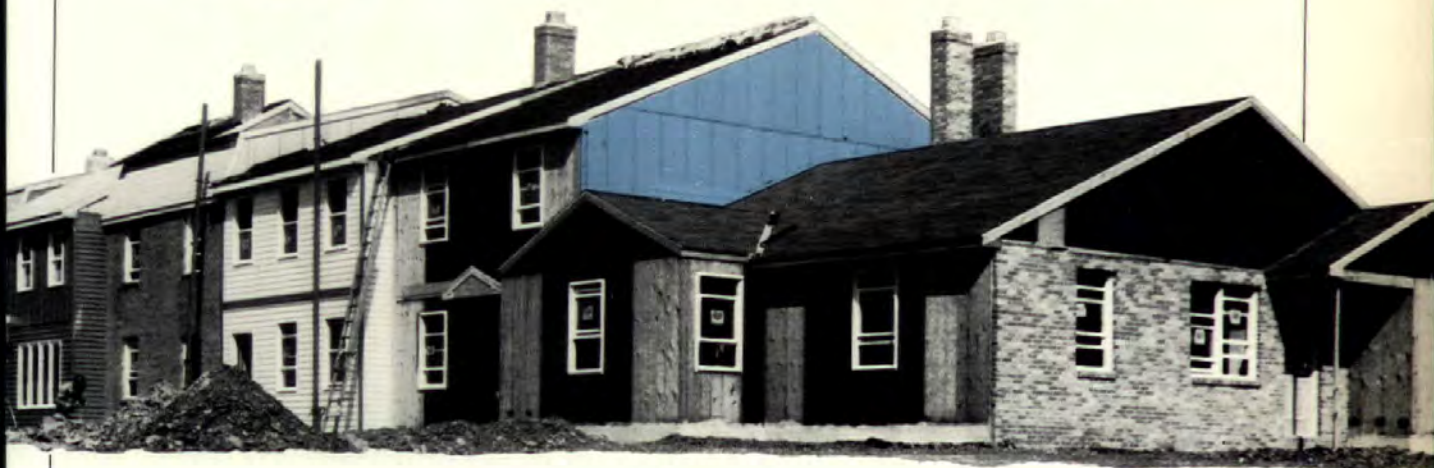
—STAN FISHER
McGraw-Hill World News,
Atlanta



Three-bedroom house (left), which sells for \$40,300, is typical of one- and two-story single-family homes being merchandised by Hooker/Barnes with help of voice-response computer.



Builder drops block, picks up \$150 per unit with new gypsum firewalls.



USG® Area Separation Wall

Before starting the 64 townhouse units in the Salem Park, Mechanicsburg, Pa. project, EME Development Corporation did an extensive comparison study of 8-inch concrete block vs. the new USG® Area Separation Walls for firewalls.

Both systems met the 2-hour fire-rating code. Both *seemed* to cost about the same. But a closer look showed big benefits that made the U.S.G. system the logical choice. Faster erection in any weather in which men will work. One-trade installation vs. three for block. No wall bracing needed because the U.S.G. system went up along with the wood frame. And quicker con-



struction meant quicker sales and less construction loan interest. Based on EME's own cost analysis, the U.S.G. system, which had a 2-hour fire rating, 53 STC sound control rating and 4½" thickness, cost \$150 less per unit than a comparable block assembly of 11" thickness!

Make your own cost comparison. For full details, send for our new CS-15 brochure which outlines design and construction features for wood-frame apartments, townhouses and condominiums up to three stories. The address is 101 S. Wacker Drive, Chicago, Ill. 60606, Dept. HH-27.

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BUILDING AMERICA

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Behind the new White-Westinghouse trademark is a full line of major appliances with a history of quality built in. Designed to meet the needs of consumers and to meet the needs of our retailers. We believe that's what it takes to build a successful future.

We've been around long enough to know you have to build on your past; take all the experience, tradition, quality and on-the-street know how and not only add to it, but improve upon it. That's how futures get built; both ours and yours.

So, we're coming on strong. With

products that will work hard on your floor. With marketing and dealer merchandising programs that will bring the customers in. Our new national advertising campaign is part of that. We've chosen Ms. Pearl Bailey as spokeswoman on national television, in full color magazine ads, displays and promotional material. And there's more where that came from.

Our new trademark is going to be out front and working overtime.

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White-Westinghouse

We still build them like we used to.

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A **House&Home** SEMINAR/WORKSHOP

making apartments more profitable

Miami, February 14-15

San Francisco, March 21-22

Toronto, May 16-17

A House&Home
SEMINAR/WORKSHOP

making apartments more profitable

Apartment owners everywhere know that even though occupancies are higher than ever, profits are fast disappearing.

The answer seems simple: Cut maintenance costs, increase rents, or do both.

But owners who have tried this often find the cure worse than the disease. Increased rents and curtailed services can drive tenants away, making the profit picture even worse.

Apartments can be made more profitable—but only through a carefully constructed program in which maintenance and marketing are linked tightly together.

This maintenance/marketing approach is a proven answer to the problem of low apartment profits. It works. And you'll learn how it can work for you in this new House & Home seminar/workshop.

As a seminar, it tells you how to deal with the combined problems of cutting costs and improving marketing.

And as a workshop, it lets you apply what you've learned to a series of practical problems based on actual apartment projects.

Miami, February 14-15 Marriott Hotel

San Francisco, March 21-22 Fairmont Hotel

Toronto, May 16-17 Hyatt Regency Hotel

You'll learn from a top maintenance/marketing expert

Ed Kelley is a specialist in making apartments more profitable. Not only does he own his own management firm, he is also often called on to turn around apartment projects that have gotten in trouble. The result: He can offer a program based on practical, down-to-earth principles drawn from real apartment case histories.

This seminar/workshop will show you how to . . .

- * control expenses
- * reduce unnecessary costs
- * improve cash flow

Specifically, you'll learn . . .

In budgeting:

- Key rules for setting maintenance budgets
- How to analyze your project's budget performance

In purchasing:

- How to buy intelligently
- What to stock—and how much
- Ways to negotiate better prices
- How to establish payment schedules and taking discounts

In staffing:

- How to screen, hire, train, organize and motivate the people who manage and market your project

In scheduling:

- How to phase improvements
- How to set maintenance standards—and sustain them
- How to set timetables for deferred maintenance

In supervising:

- How to set job-time requirements and work standards
- Getting more production out of maintenance men
- How to make an inspection system work

In market research:

- How to analyze and understand your local rental market
- How to make your apartments competitive

In marketing:

- How to set up and follow a long-term marketing program
- How to restructure a rent roll in an existing project
- How to sell a rent raise to your manager, tenants and the public
- How much rents can be raised—and how often
- What rental people should know about sales psychology

You'll get two bonuses from attending the seminar/workshop

- The first is Kelley's "million-dollar idea," which he stumbled on during the past six months and which can turn unprofitable garden apartments into highly profitable capital-gain situations.
- The second is a free copy of Kelley's new book, "Practical Apartment Management," published this year by the Institute of Real Estate Management. Its 352 pages cover every conceivable aspect of apartment management; complete with illustrations, tables and glossary, it is unquestionably the most thorough and up-to-date book now available to the apartment industry.



EDWARD N. KELLEY, CPM, CRE, is one of a small handful of management specialists with proven track records in improving profits in established apartment complexes. Before starting his own company some years ago, he was chief administrator for upwards of 60,000 apartments over a 15-year period. He was vice-president of property management for Baird and Warner, one of the country's oldest and largest real estate firms, and later, he was senior vice-president of property operations for one of the largest apartment developers in the country. His textbooks on management are widely used in real estate training courses, and his newly published book, *Practical Apartment Management*, covers the subject more thoroughly than any to date.

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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.

Fee

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

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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.

Hours

Registration starts at 8:15 a.m.
Sessions are 9 a.m. to 5 p.m.

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While House & Home does not make individual reservations, we have arranged with the hotels involved to hold a limited block of rooms for seminar attendees. You can reserve your room by calling: Marriott Hotel, (800) 228-9290, Fairmont Hotel, (800) 527-4727, Hyatt Regency, (1-800) 261-7112 from Canada, and (1-800) 228-9000 from the U.S.

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.

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HH-2/77



We're
changing our name
because U.S. Plywood
doesn't explain
all the things
we are.

U.S. Plywood is now Champion Building Products.

But only the name's been changed.

You'll still find the same quality, the same service, the same variety of products which have been a source of pride to U.S. Plywood for so long.

You'll still find the complete line of building supplies, including the famous Weldwood® paneling and Weldwood® sidings.

Our name change will simply tell you what you already know, that in our company, plywood is only the beginning.

Our new name will remind you that we also have a host of other products: hardboard, particleboard, Decolam®/hpt, Novoply® veneers, paneling, siding, lumber, insulation, roofing.

All of which come to you from 45 manufacturing facilities, 56 sales offices and 112 distribution centers.

So say hello to an old, old friend with a brand new name: Champion Building Products.

It says we're proud to be part of a major forest products corporation, called Champion International. Because it's time we shared the same great Champion family name.

Now, watch us grow!



Champion Building Products™
Champion International Corporation

What can you do with 22,000 gallons of water in the basement?

If it's sitting in an insulated tank that's hooked up to an Annual Cycle Energy System (ACES), you can provide year-round heat, air conditioning and hot water for a 1,500-sq.-ft. house at an estimated energy saving of more than 50%.

At least, that's what the U.S. Energy Research and Development Administration (ERDA), which developed the still experimental system, contends.

ERDA's conclusions stem from development work conducted at its Oak Ridge, Tenn. lab and at the University of Tennessee's Knoxville campus. The estimates are now being checked out by a Richmond, Va. homebuilder who has teamed up with several local contractors to put ACES into a new house. It is the first private industry demonstration of the system.

Basically, ACES takes advantage of a well-balanced weather cycle existing in a large part of the U.S. The heart of the system is the water tank, which serves as an energy storage bin. Heated air and hot water are obtained from the bin by a heat pump in much the same manner that heat is drawn from air conventionally. Except in ACES's case, the removal of heat gradually turns the water in the bin into ice over a period of months.

In summer, the chilled water provides air conditioning without the operation of the heat pump compressor. This action causes a gradual melting of the ice and stores heat for the coming winter months. The process then starts all over again.

ERDA figures that a 1,500-sq.-ft. house would require a 3,000-cu.-ft. water tank which could be located in the basement or under the driveway, carport or patio. Potential energy and money savings vary, depending upon size and electricity rates, but ERDA claims ACES could save up to 12,000 kilowatt hours and \$400 a year over conventional systems in the 1,500-sq.-ft. unit.

J. L. Ellis & Son, a Richmond home-

building and development company, decided to give these figures the acid test. "Our state attorney general was interested in exploring alternative heating/cooling methods because of repeated rate increases sought by Virginia Electric and Power," says Mike White, Ellis' project coordinator. "We had heard about ACES and thought it would be a good idea to see the system in operation in a residential unit."

So did some local contractors. In an unusual joint venture, a number of companies agreed to contribute talent and materials to the project.

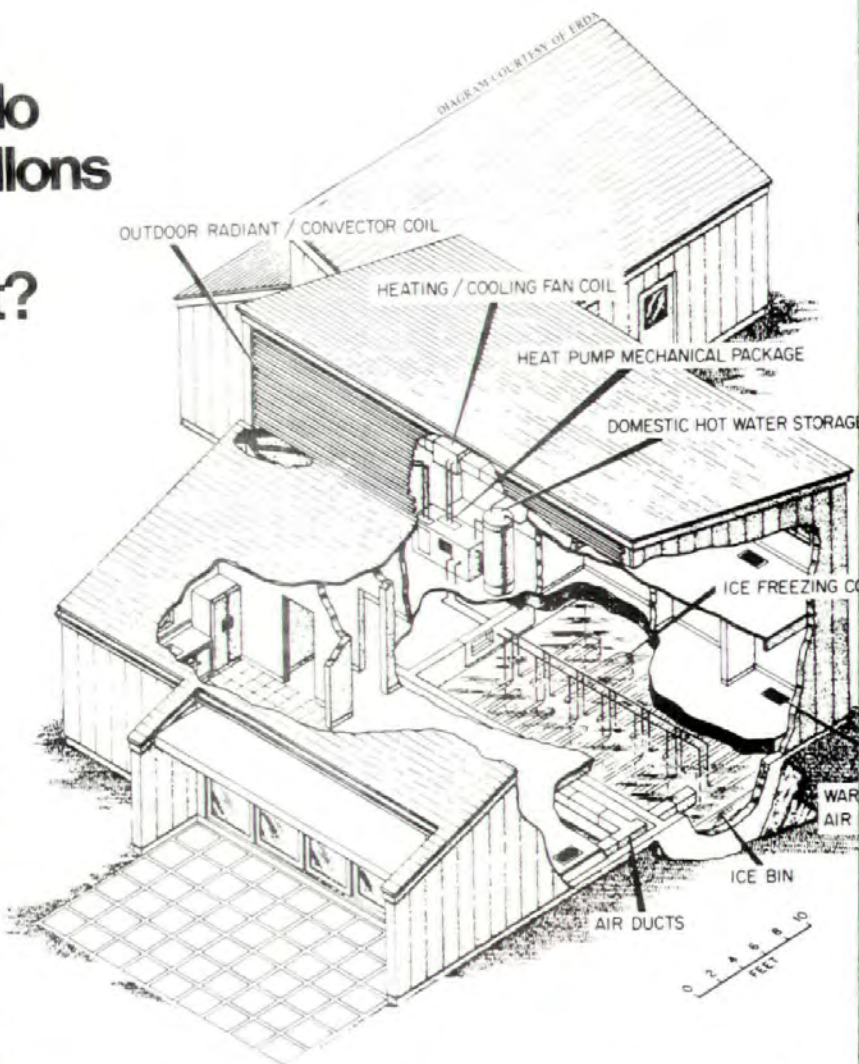
Ellis provided the house—a standard 1½-story, 1,800-sq.-ft. Cape Cod under construction at a nearby development. Local structural and consulting engineers designed the tank and the refrigeration cycle. Off-the-shelf components were donated by Carrier; the pump came from Worthington; Dow provided the insulation; lumber and electrical work were contributed locally. Everything was coordinated by Automated Air Systems, heating/AC contractors, who built the ACES unit.

The 32'x14' tank—holding 3,000 cu. ft. of water (22,000 gals.)—was placed in the basement of the three-bedroom house. Aside from the ACES installation, no other structural changes were made. "From the first floor up, it's a standard detached unit," says White.

While ERDA estimates that an ACES installation should cost about \$1,700 above conventional central heating and cooling systems, the Richmond group is not nearly as optimistic. "The unit we put in would have to cost at least \$6,000 more than the standard systems," says Automated Air's Bill Elder. "And then, only when all parts are commercially available."

Completed last month, the Richmond ACES home has begun a two-year monitoring period during which such factors as electricity used, pump running time, water temperature and energy requirements will be closely checked. After that, ERDA has promised to tabulate all the findings and prepare a documented case history.

—J.G.C.





Dodge Trucks have got it where it counts.

Working trucks have got to be tough like these Dodge Power Wagons. But when you buy a Dodge, you get more than just a four-wheel-drive pickup that can take a beating.

The lowest base sticker price of any four-wheel-drive pickup built in America. That's Dodge Power Wagon. At \$4985* with a six-cylinder engine,** Dodge is priced lower than Ford, lower than Chevy. Even lower than Jeep.

Dodge Power Wagon makes the working day easier. With a tailgate that's a cinch to remove. The whole thing comes off without using tools. If you use tools in your work, then you can order Dodge's optional tool box that fits right in under the bed.

Backed by 40 years of four-wheel-drive experience,

today's Power Wagon gives you four-by-four performance full-time. Designed for deep biting traction to get you to the toughest jobs under the roughest conditions. And you never have to get out of your truck to lock or unlock wheel hubs when going on or off the road.



Dodge builds a full line of Power Wagons for '77

including the only four-wheel-drive Club Cab available. And Dodge's Crew Cab has enough room for six adults. So you'll be able to get more manpower to the job.

Buy or lease at your Dodge Dealer's. Whether you're buying or leasing, whether it's one truck or a fleet, you can count on your Dodge Dealer to give you a great deal and great service on a new '77 Power Wagon.

**Price and price comparisons based on manufacturers' suggested retail prices, excluding destination charges, taxes, and options.*

***Not available in California or high altitude areas.*



A PRODUCT OF CHRYSLER CORPORATION

Options shown: AM radio (\$76), rear bumper (\$64), low mount rearview mirrors (\$45), body mouldings (\$56), sliding window (\$67), sport road wheels (\$230), and raised white letter tires (\$329) extra. CB radio not factory equipment.

7. Helps make them cozy to be in.

A snug-fitting design two times more weathertight than industry air-infiltration standards. To help seal out drafts and dust, and help save on building heating and cooling bills.

8. Look for the things you can't see.

Like Andersen's special wood treatment with a water-repellent preservative. One that helps resist warping, decay and insect attack.



Some windows you just can't judge by name alone. Unless the label bears the Andersen® Windowwalls® brand. But if you still feel you need to know more about our name, you'll find Perma-Shield® Casement and Gliding Windows in Sweet's, File 8P. Or you can call your Andersen Dealer or Distributor. He's in the Yellow Pages under "Windows." Or write us direct.

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Printing limitations prohibit exact color duplication.
Use actual sample for building specifications.

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How to judge a window by its sticker.

1. Know what's in the name.

Over 70 years of dedicated craftsmanship and close attention to detail.

2. And what's in the window.

Rigid vinyl over wood, one of nature's best insulators. Carefully selected, moisture controlled and precision milled.

3. Know why the glass is functional.

Double-pane insulating glass isn't just added. But rather, it's made practical by Andersen's snug-fitting design and use of wood.

4. And why the window lasts.

The Perma-Shield rigid vinyl sheath doesn't rust, pit or corrode. Doesn't chip, flake, peel or blister. Stands up beautifully to time and weather, while demanding little maintenance.

5. Know how it helps make building easier.

Perma-Shield Casement and Gliding Windows come assembled for fast, easy installation. Continuous vinyl fin eliminates need for separate flashing.

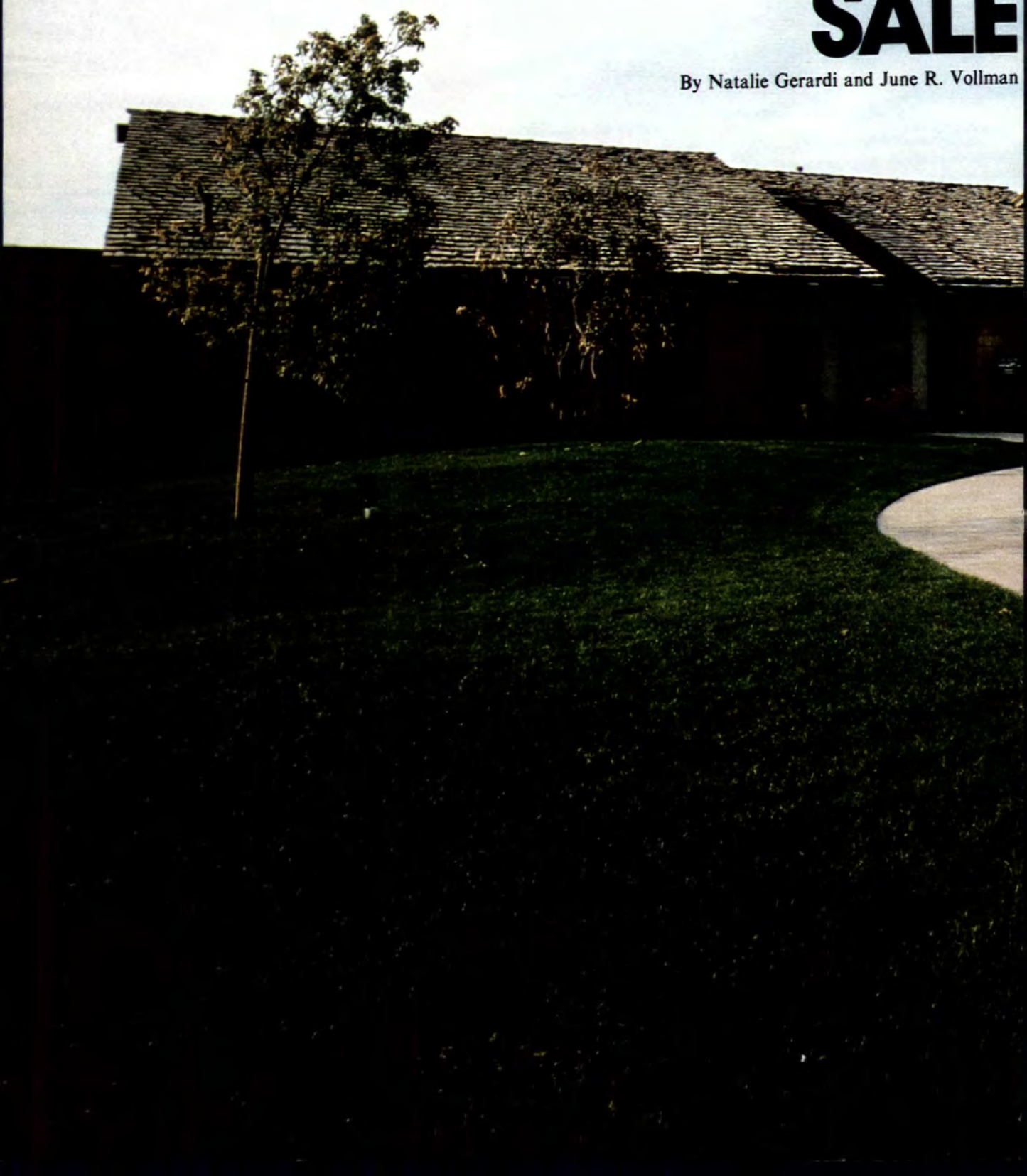
6. How it helps buildings look beautiful.

Andersen's neat, trim lines and classic profile. And an exterior rigid vinyl sheath in your choice of white or Terratone with Perma-Shield Casement Windows. White vinyl inside and out with Perma-Shield Gliding Windows.

FROM THE LAND OF SHOWMANSHIP

HOW TO SET THE STAGE FOR MAKING THE SALE

By Natalie Gerardi and June R. Vollman



...knows more about on-site merchandising than the builders of southern California. Working in the most competitive housing market in the country, they have, of necessity, learned the most effective ways to showcase their houses: Make a strong first impression; point up the key sales features of their models; stress the strong points of their community; and above all, create a sales environment that will support the efforts of their sales staffs.

On the next eight pages you'll see prime examples of this showcasing. Many of them were either winners or finalists in the prestigious MAME awards program sponsored by the Sales and Marketing Council of California's Building Industry Association. And all of them offer point-of-sale merchandising ideas that you can adapt to your needs, your market and your budget.

Below: sales area at Huntington Landmark in Huntington Beach (details p. 70)



To see how eight top merchandisers showcase their houses, turn the page



The top merchandisers whose ideas you'll see

Akins Development Co. is the developer of Saddle Hill Ranch, a single-family project in Orange. Houses have from 2,700 to 3,300 sq. ft., and sell for \$155,000 to \$180,000. Ed Lohrbach is the architect.

Avco Community Developers is the developer of Windmere, a townhouse and single-family project in La Jolla. Units range in size from 1,625 to 3,430 sq. ft., and prices are \$90,000 and up. The architect is Dale Naegle & Associates.

Broadmoor Homes, Inc. is the builder of Turtle Rock Rock Glen Patio Homes in Irvine. Houses contain from 1,995 to 2,680 sq. ft., and sell for \$93,000 to \$164,000. Ed Lohrbach is the architect.

Irvine Co. is the developer and Akins Development Co. the builder of Woodbridge Crossing, an attached-house project in Irvine. [H&H, Oct. '76]. Units contain from 1,477 to 2,148 sq. ft., and are priced from \$70,000 to over \$100,000. Paul Thoryk is the architect.

Irvine Pacific Development Co. is the developer of Harbor View Knoll, a townhouse project in Newport Beach. Units range in size from 1,517 to 1,899 sq. ft., and sell for \$83,000 to \$107,000. The architect is Robert E. Lee/David Klages & Associates.

Raznick & Sons and Wood-Bergheer & Co. are joint-venture developers of Harbour Walk, a sixplex project in Oxnard [H&H, Nov. '76]. Units range in size from 1,130 to 1,500 sq. ft., and are priced from \$45,000 to over \$60,000. Kenneth Johnson is the architect.

Shapell Industries Inc. is the developer of Parkwood Estates, a single-family project in Lake Forest. The houses range in size from 1,590 to 2,995 sq. ft. and sell for \$87,450 to \$122,950.

Signal Landmark is the developer of Huntington Landmark, a townhouse project in Huntington Beach. Units range in size from 836 to 1,340 sq. ft., and prices from \$31,000 to \$43,000. The in-house architect is R. J. Marvick & Associates.

Curb appeal: Be sure you make a strong first impression

Show prospects something they can identify with . . .

Harbor View Knoll was built to appeal to young Californians who like old things. "Younger people are taking an interest in antiques," says Marketing Director Gordon Youde, "and we're capitalizing on that trend." A production unit, with its New England rooflines, bay windows and white trim, serves as the sales office. The stairway leading up to it is not where the entrance to that unit would normally be (the usual entrance became part of the sales trap), but it has the advantage of slowing prospects so they get the full impact of the traditional design.

DAVID ROSS



. . . or something that will pique their curiosity

"It's tough to open a sales office when your models aren't up; so we thought we'd tease prospects a bit with the design." That's how Marketing Director John Porter explains this off-beat Woodbridge Crossing sales office. And the tease worked: "Customers kept asking if the office was for sale, and that gave our sales staff a great lead-in. They said: 'If you like this building, wait until you see our houses. They don't have blue roofs or stained glass windows, but they're by the same architect.'"



LELAND LEE



☛ Use signs and landscaping to set the tone of your project

The entry sign (*top*) and the courtyard (*bottom*) show how Windemere manages to be low-key and tasteful without sacrificing merchandising impact. "We're in a price range where people typically don't buy merchant-built homes," says Marketing Director Jim Saivar. "So we have to motivate them to move out of their present homes without seeming to hard-sell them." The landscaping, by Courtland Paul/Arthur Beggs Associates, not only has impact but also shows prospects what they can do with small gardens.

The sales office: Make sure it tells your whole story

First, give your center a relaxed atmosphere

Prospects need to feel at ease, says Jeff Holm of Huntington Landmark's marketing department. And they should be able to browse comfortably when your staff is too busy to give them individual attention. But you've also got to organize exhibits so those unescorted prospects don't miss any part of your story. For example, in the project's display area, shown at right, the topo table is centrally located where 1) it can be seen as soon as prospects enter the office and 2) it acts as a traffic divider, channeling prospects to other exhibits. *(The full plan of this office and details about its relatively low cost are on page 70.)*



JULIUS SHULMAN



CHARLIE SCHNEIDER

Use 3-D displays when words and pictures won't do the job

Two things that are hard to visualize—a complicated sixplex at HarborWalk (*above left*) and the way Windemere is sited on little fingers and ridges of land (*right*)—need little verbal explanation when shown in 3-D. Says HarborWalk developer Aaron Raznick: "We color-coded the units so that prospects could see how they worked, and we sold from the model during the early stages of construction." Model-Technics built the sixplex model; display designer George Ballard did the Windemere topo table.



THE ASSOCIATION



BARNETT OLDFIELD



DAVID ROSS

Use displays to dramatize your community theme

Says John Porter, marketing director of Saddle Hill Ranch: "We needed something with real punch because we were in a rural area that wasn't well established and our models weren't ready." So the sales office was designed like a barn, furniture was made by welding horseshoes together, and photo displays were designed to point up the project's equestrian theme.

Examples: pictures of cowboys, wagons and corrals.

Display designer: Ron Sasse.



Help prospects relate your floor-plan displays to your models

The photo at left shows the ideal way: Put the plan displays under a window that overlooks the model area.

"After families tour several houses, they're often confused about which is which," says Steve Swanson, marketing director at Turtle Rock Glen Patio Homes. "So the more you can relate your sales-office presentation to reality, the easier the selling job." The windows are a help to the sales staff in another way, Swanson finds: "When salespeople can look out and see which model a prospect seems most interested in, they can be ready to talk about that model when he comes back into the sales office."

Display designer: Ron Sasse.

TO NEXT PAGE

Offer prospects a preview of life in your community

"Today's buyer is looking for a lifestyle, not just a home," says Marketing Director Steve Swanson. So the office at Turtle Rock Glen Patio Homes features four-color photos of schools, rec facilities, nearby points of interest and other community amenities.

THE ASSOCIATION



Expose the hidden construction values in your houses

S&S Marketing Director Garth Chambers spotlights Parkwood Estate's exterior-wall construction with a plexiglass-covered wall cutout. And he calls attention to 30 more quality features with newspaper ads which boast, "Quite possibly the best house of its kind in the world." A copy of this ad hangs in the sales office and is also used as a handout.



Closing areas: Be sure they are very private places

For high-income buyers, try a board-room set up

It can work when your prospects feel at home in a board room—as anyone affluent enough to afford a house at Windemere (prices: \$90,000 and up) probably would. Interior designer Quinn Robertson paneled the walls of Windemere's closing room and upholstered the chairs with leather to give the look of an exclusive banker's office. "When people sit in that room they don't feel like they're being sold," says Marketing Director Jim Saivar. "They feel like they're talking to their investment advisor."





🐾 Set aside a corner for color and material options

Why? Because you don't want to introduce buyers to a lot of choices until the right psychological moment. Example: The option area at HarborWalk, pictured above, in a loft of the model that serves as a sales center. The area is dominated by a mural (done by Supergraphix) showing a couple making their choices. And the back wall (not shown) is carpeted from floor to ceiling with strips of carpet samples, giving the effect of a graphic and also allowing buyers to feel the goods.

JULIUS SHULMAN



CHARLIE SCHNEIDER

BARNEY OLDFIELD



... for others, 🐾 make the room less formal

"We've learned that a relaxed, family-room atmosphere works best when you're dealing with the cautious breed of buyers—people who come back four or five times before they're really sold," says Jeff Holm of Huntington Landmark. "A formal setting seems to discourage those people from asking questions that trigger a 'yes' decision. Our new office (*above*) has the opposite effect. Salespeople sit down with prospects, the questions flow, and they're more confident about closing the deal."

TO NEXT PAGE

The models: Be sure you make every room a memorable experience

JULIUS SHULMAN



Green-thumb motif is evident in this master bedroom at HarborWalk; live plants in the window are echoed in the floral prints. The theme starts in the model's living room which features a greenhouse window. Design is by Cher-Ron Associates.

DAVID ROSS



Understated elegance is the theme of this model living room in Saddle Hill Ranch. It features the kind of expensive furnishings that would appeal to buyers of homes that start at \$155,000, go up to \$180,000. Design is by Saddleback Interiors.



Effective showcasing doesn't have to cost a lot

Signal Landmark, for example, spent only about \$20,000 to build, equip and furnish Huntington Landmark's 3,093-sq.-ft. sales center (*plan, right*). And that figure includes \$4,500 for cabinetry and displays (*photos p. 66 and 69*) that can be reused at future projects.

How did the company get so much for so little? Primarily by using three of the project's attached houses as a center (*plan, far right*).

One house serves as a display area where prospects can circulate freely while they're learning the developer's story; one is used for sales offices and color selection; and one includes private offices for escrow closing.

"We found from a previous project that it's a relatively minor job to convert this kind of center back into salable units," says Jeff Holm of Signal Landmark's marketing department. "In this case, the necessary interior partition changes and plumbing work will cost no more than \$12,000."

By contrast, the company built a separate 1,800-sq.-ft. sales center in 1974; the cost of the building alone was \$73,000.

The company also saved by using in-house people to plan the center: "We halved our design and furnishing costs," says Holm. "And outsiders probably wouldn't have done as well in capturing the mood we wanted."

There's a problem in using outside display companies, according to Holm: No matter how precise a developer is with his input, display people tend to over-stress their own ideas.

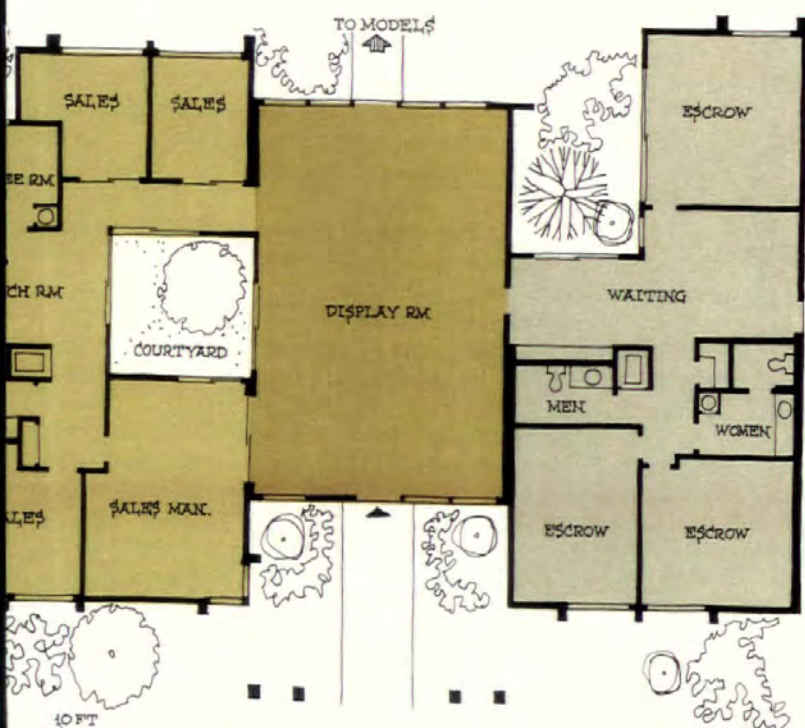
"And," says Holm, "you're generally under the gun as to time. So you compromise and take not quite what you wanted."

Most of the ideas for the Huntington Landmark center came from Holm, in-house architect R.J. Marvick & Associates and Robert Patrick of Curtiss Advertising.



Memorable areas in Harbor View Knoll's models include a kitchen (above) with warm, old-fashioned furniture, a hobby room/den (top left) with a loom and weaving materials, and a bath (lower left) with a wall-to-wall mirror and valance lighting. "Our homes are

not big," says Marketing Director Gordon Youde. "So we asked interior designer Beverly Trupp to make a special point of showing how much character and charm can be designed into high-quality small spaces."





Making condos sell in a non-condo market

The market is suburban Boston, and it has never been a particularly good one for condos.

Conservative New Englanders have always favored single-family detached for their first homes. The nationwide bad press received by condos since 1974, and the number of condo foreclosures in the Boston suburbs have only served to strengthen local displeasure with anything other than single-family.

Yet Boston-based builder/developer Spaulding and Slye is having no trouble filling up Drummer Boy Green—a 150-unit condo development of one-, two- and three-bedroom townhouses, located on a 62-acre tract in historic Lexington, Mass. Specifically:

- Thirty units—priced from \$42,500 to \$63,900, and ranging in size from 933 to 1,756 sq. ft.—were sold within a month of the project's opening last May.
- Fifty units in the 70-unit, 20-acre first phase were under binding purchase and sales agreements less than three months later.
- Sales have continued so briskly that the project's 80-unit second phase has gone on stream six months ahead of the original schedule.

Why was Drummer Boy able to break through the condo barrier?

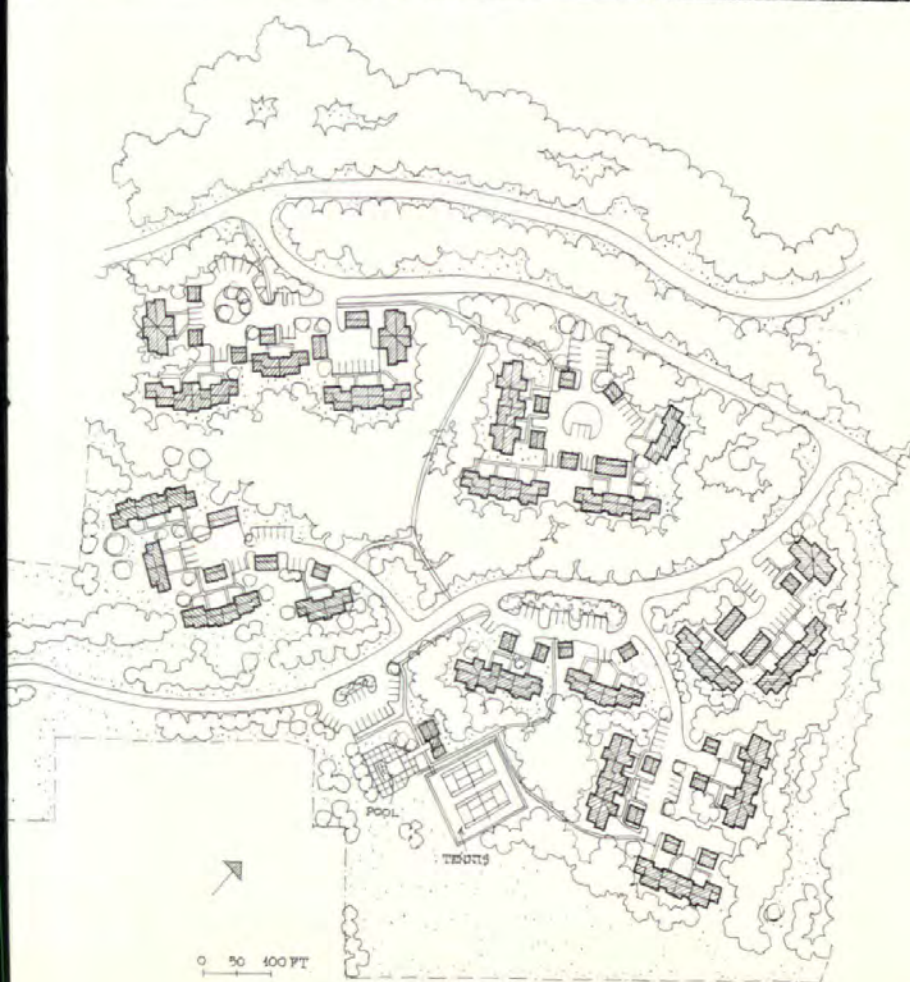
To some degree, local advantages helped. S&S bought the land for a very reasonable \$300,000—which kept the per-unit raw land price to less than \$2,000. Then, the location is excellent—less than a mile from a belt Interstate with high strip industrial and commercial development. And the terrain is wooded, rolling and extremely attractive.

But the real key to the project's success was a design and marketing program calculated to minimize the bad condo image and maximize Drummer Boy's basic appeal. To see what the program included, turn the page.

—JOEL G. CAHILL



PHOTOS: GORCHEV & GORCHEV



Mini-neighborhoods like the one shown at left above were created, and trees and other natural assets were saved, by clustering the housing around common driveways. There are no more than 15 units in a cluster, no more than four per building. For privacy, units in each building are set back from each other and front patios are fenced in. Sasaki Associates, of Watertown, Mass., planned and designed the project, which is named for a Revolutionary War drummer whose home was on the site.

condos

CONTINUED

Element 1: strong regional designs

The idea was to overcome traditional New England aversion to attached housing by giving buyers an architectural style with which they would be most familiar and comfortable.

Accordingly, units are sided in traditional clapboard. Garages have barn siding and resemble coach houses. Some of the five Drummer Boy models have full two-story foyers and cathedral ceilings; others feature New England-like window seats.

Element 2: a strong single-family feeling

This stems, in part, from the low density made possible by the low raw-land cost. In the developed land (a 12-acre, 50 ft. easement encircling the property was given to the Lexington Conservation Commission), S&S brought in three d.u./acre which approaches the density of single-family homes in the area.

Another factor is the site-plan concept which attaches no more than four units together, includes no more than 15 units in any one cluster and offers a high percentage of end units (60% in the 20-building first phase).

"We wound up with village-like groupings of units clustered around a common driveway and blended into the natural topography of the site," says George E. Slye, S&S vice president/development. "The wide spacing between the clusters teams up with

fenced front and rear patios to reinforce the feeling of single-family privacy."

Element 3: extremely early marketing

Actually, the packaging of Drummer Boy Green evolved in two phases. The first was purely accidental—stemming from publicity surrounding a protracted zoning effort for the property which began as early as 1973.

"During two years of public meetings and town approvals," recalls Slye, "the condos became well-known in the community. More than 100 people gave us their names and addresses unsolicited and asked to be kept abreast of our progress."

The second phase, however, was decidedly intentional. During the design planning, S&S sent out hundreds of questionnaires and canvassed door-to-door throughout Lexington to find out preferences in home types and amenities. A greenhouse-style kitchen and overhead garage doors (*see photos right*) were two major design changes which came out of the surveys. (*For other results, see box on p. 77.*)

"The questionnaires proved to be both a passive and an active marketing tool," says Richard Dobroth, S&S residential division chief. "It not only gave us access to the housing desires of local residents, but it also opened a dialogue between them and the developer."

During the interviews, S&S staffers discovered some potential purchasers. They were encouraged on-the-spot to make premarketing deposits and take advantage of introductory prices. The result: some 28 deposits of \$500 each were taken, and an additional list of more than 150 potential buyers was compiled before the Drummer Boy models were even opened.

"Our premarketing gave a terrific boost to our opening sales push," says Slye. "It proves the benefits of doing your homework well."

Early sales exploded some premarketing beliefs

Previous experience with condo developments in nearby Wellesley and Brookline led S&S to believe that

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Exteriors are designed to look traditional



Here's how the figures look for a typical 1,300-sq.-ft. unit

Raw land	\$2,500
Rezoning	1,700
Architecture & engineering	1,000
Construction	35,000
Financing	2,400
Legal costs	700
Marketing	4,600
General administration	2,000
Misc. non-construction	1,000
(insurance, real estate taxes, etc.)	
General conditions & amenities	3,300
Contingency	1,000
Total costs	\$55,200
Sales price	\$59,200
Net Profit	\$4,000



Much of the traditional look stems from the exterior materials—clapboard on the houses and barn siding on the detached garages. Original plans called for open car sheds, but the developer added overhead garage doors after a local survey showed that most potential buyers wanted them. (*Other survey results on page 77*).

PHOTOS: GORCHEV & GORCHEV



condos

CONTINUED

Drummer Boy's sales would come mainly from empty nesters moving down from single-family homes. Buyers to date, however, have turned out to be younger and—in 60% of the cases—move-outs from rentals.

Although the age level among this purchasing group ranges from the mid-twenties to the low sixties, Slye points out that almost half are under 45. And counting singles, divorcees, widows and widowers, he says, more than 60% are unmarried.

"Peculiarly," adds S&S Vice President/Residential Jean Baker, "the un-marrieds show no preference for the smaller units. They've taken everything—even three-bedroom units. Sales seem more affected by income (buyers' salaries range from \$20-\$35,000) than space needed."

Another surprise concerns where the buyers are coming from. Originally, S&S believed that most of Drummer Boy's customers would come from Lexington or immediately adjacent towns. Instead, more than 55% of them came from much further afield—generally, from a 35-mile area around Lexington. "Maybe the highway had something to do with that," says Slye.

For the future, more of the same

When construction in the first phase began last year, it was estimated that sales would total 38 units a year, for a four-year sell-out period. But with sales exceeding all expectations, S&S has already begun design planning and zoning approval of the second phase—80 units on 30 acres—six months ahead of projections.

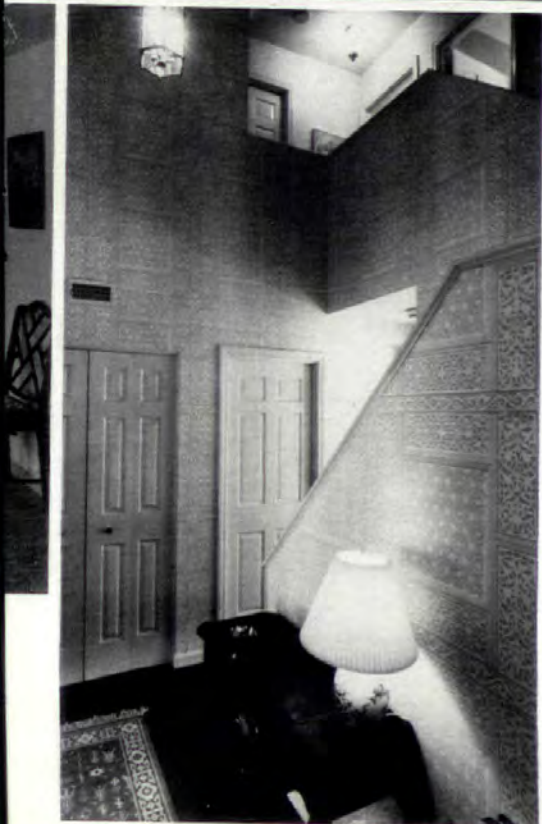
The second phase will contain some changes; units will have more of the smaller two-bedroom designs to keep prices within reach of more buyers. Otherwise, says Slye, the development formula will be the same.

In addition, the developer is considering a similar condo development—with still smaller and less expensive units—in the south shore town of Hingham. The designs, Slye believes, should be well received in this community of distinctive and authentic colonial single-family homes.

Living areas are planned for today's lifestyle



PHOTOS: GORCHEV & GORCHEV



Four different views of Plan 4 (see page 79) show how indoor and outdoor spaces are designed to suit contemporary lifestyles. For example, there's the highly private rear patio that's large enough for a family barbecue; the greenhouse kitchen (optional) that capitalizes on the current craze for plants; and open, airy interior spaces like the 13'x24' living/dining room and the two-story entry hall.

Nevertheless, the interiors have design touches—paneled doors and a corner fireplace (optional)—that echo the traditional feeling of the exterior design.

Interior Designer: Bailey & Read, Boston.

Here are some key design results from the questionnaire S&S sent out

A mixture of separate dining rooms and dining areas was included because while 60% of the respondents wanted a separate dining area, 40% did not.

Two-bedroom-with-den designs were emphasized because 80% of those questioned wanted two bedrooms and 75% said yes to the den. "This plan has become our biggest seller," says Slye.

The majority of units have one or one-and-a-half baths because 76% indicated either choice. (Only 15% wanted two baths.)

Basements were included in the purchase price (where topography allowed a basement) because 38% wished it this way. (Another 28% wanted a basement with an option to have it finished off.)

Garages were detached from living areas. While only 36% wanted this arrangement (38% went for attached), topographical considerations made detached garages the most economical choice.

Models included both one- and two-story plans because response to this question was split 50-50.

The same even division of opinion led to providing laundry facilities in both basements and first-floor living areas. (The biggest vote—40%—was for the garage area, but the detached garages made this impossible.)

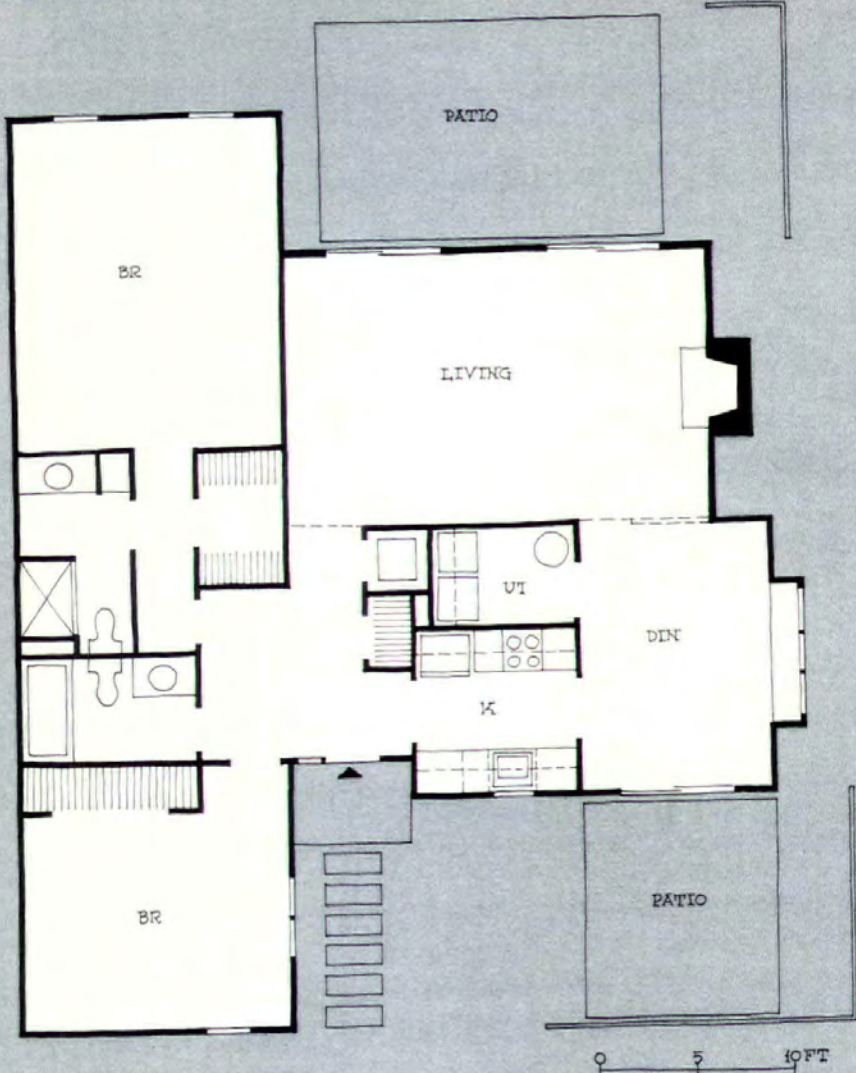
Living room fireplace options were provided in every model except Plan 1 (which always has one). The reason: While more than half of those questioned said they wanted this option, a significant 24% wanted no fireplace at all.

Hot air heating with air conditioning built in was decided upon because 75% favored this system.

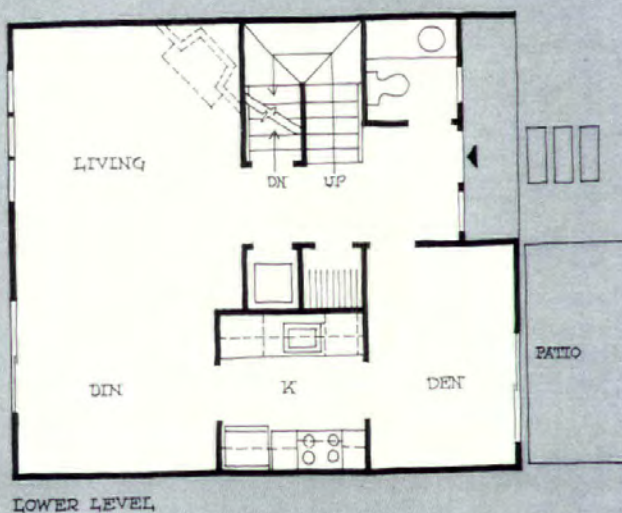
Vinyl kitchen floors and bathroom ceramic tile was added because 70% wanted the former and 76% the latter.

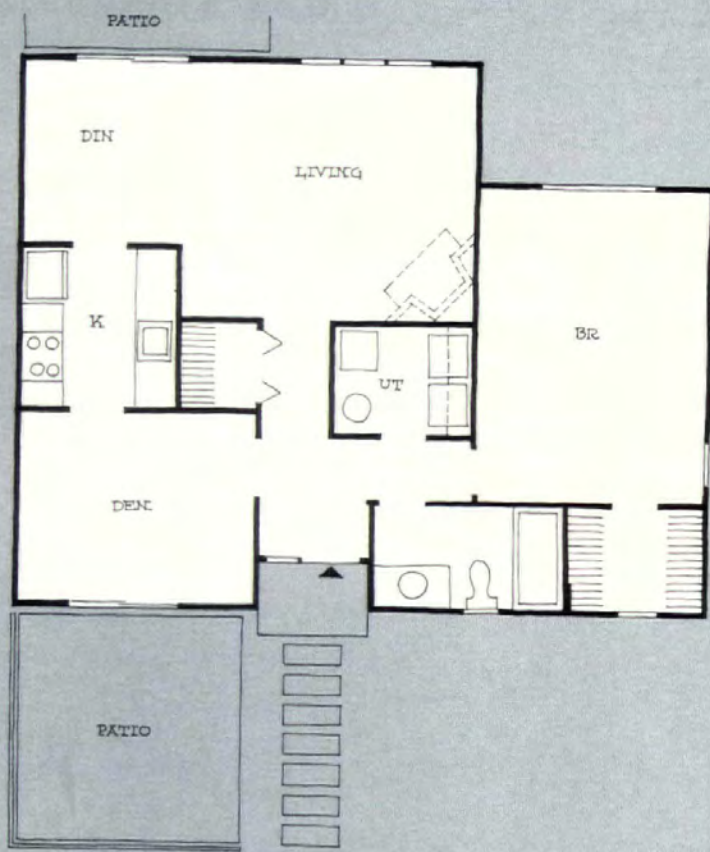
And here are floor plans of four Drummer Boy Green models ➤

1 1,304-sq.-ft., one-story unit features a cathedral ceiling and a brick fireplace in the living room. The separate dining room—which could also serve as a family room—has bay windows and built-in window seating. The two-bedroom unit is priced at \$59,900.



2 1,300-sq.-ft., two-story plan (below) includes a 5'x9' unfinished area on the upper floor, which can be used as a hobby room or study. One optional extra (offered in every plan except No. 1 at right) is a corner fireplace in the living room. The two-bedroom house is priced at \$54,500.



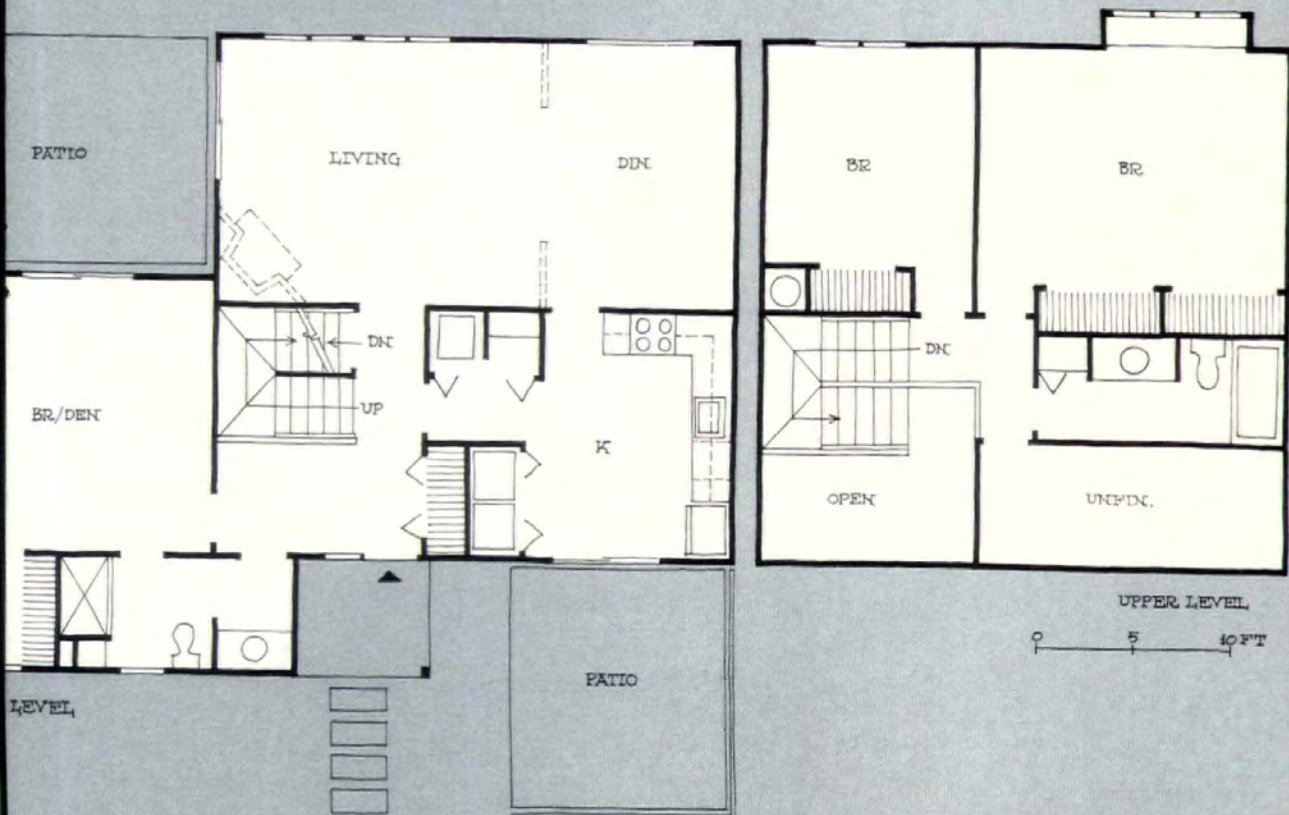


933-sq. ft. unit is the smallest of the five plans offered. The single-story layout features a den (which buyers can convert to a formal dining room) off the kitchen. This compact one-bedroom unit sells for \$42,500.

3

1,589-sq. ft., two-story unit (below) includes the two-story entry hall and optional greenhouse kitchen shown on page 77, as well as a bay window and built-in window seating in the master bedroom. As with plan 2 (opposite), the second floor has an unfinished room, but this one is larger (6'x16'). The three-bedroom house is priced at \$68,900.

4



They sit there waiting for buyers—old, rundown buildings in choice downtown locations. And they can be turned into attractive money-makers if you're willing to risk the unknowns of rehab and remodeling. Here are . . .

Two profitable ventures by

VENTURE NO. 1 An office complex for attorneys



Remodeling was not at all what builder Michael Towbes had in mind when he bought a pair of 42-year-old, wood-frame buildings across the street from the Santa Barbara courthouse. One building housed a printing shop and an upstairs apartment, the other a coffee shop plus some small stores. Towbes planned to tear them down, then erect a three-story building housing attorneys' offices.

But he hadn't reckoned with Santa Barbara's high regard for the Spanish-style buildings designed by a locally prestigious architectural firm, Edwards & Plunkett. Nor had he considered the city's reluctance to disturb the environment surrounding its stately courthouse, a long-time tourist attraction.

Towbes struggled for nine months to get his plans approved. "The architectural review board never actually said they wanted the buildings saved," he says, "but after nine months of rejections, I got the message." He junked the plans for the new building and started work on a remodeling scheme.

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New skylight enhances a lawyer's office in remodeled building (above) that formerly housed a print shop.

new hands at rehab

Both were conceived for clearly defined markets in Santa Barbara, Calif. Both were leased up before they were finished. Both were the first remodeling efforts by developers who had known only new construction work. And both turned out to be surprisingly different from what their developers had planned. □ For the story of each job—not only what went right but also what went wrong—start below.

VENTURE NO. 2 A shopping mall for small retailers



When developer J. William Beaver of Beaver-Free Corp. bought a 50-year-old building—a former S. H. Kress department store—his plans were modest: Remodel the 10,000-sq.-ft. main floor into a specialty shopping mall for about a dozen small retailers, and convert the 10,000-sq.-ft. basement into a mini-warehouse. His projected construction costs: about \$100,000. That was in 1973.

Today Beaver's shopping mall has mushroomed to 55,000 sq. ft. for 85 small shops and restaurants, and he's spending more than \$3 million on it. Here's the sequence of events that pumped up the project:

1. Beaver's remodeling architect, Jerry Zimmer of Architects West, found he could increase the Kress building's retail space 50%, to 15,000 sq. ft., by adding a mezzanine level. That meant the mall could house 23 retailers for a construction cost of about \$500,000.

2. Before Beaver began remodeling the Kress building, he was offered two

TO PAGE 84

Old skylight was retained when former department store was converted into a specialty shopping center.





Mike Towbes heads Michael Towbes Construction & Development Inc., one of the biggest builders in Santa Barbara County (average annual volume: \$5 million). He has built some 2,000 houses, townhouses and rental apartments since 1960. But to survive in growth-resistant Santa Barbara, Towbes also builds shopping centers, manages commercial and residential properties and does some general contracting. He is currently developing a senior-citizen apartment complex, a conventional apartment project, a tract of one-acre homesites and a 60,000-sq.-ft. shopping center. His staff consists of an office manager, a land buyer, three clerical workers, three superintendents and three property-management people.

Even though Towbes had never tackled a remodeling job, he figured this one had the makings of a profitable deal. Here's why:

- He had bought the property for its land value, paying \$250,000 for about three-fifths of an acre, so in effect he got the buildings for nothing. Then he reduced his cost to \$210,000 by selling a small parcel to the city for \$40,000.

- It was possible to enlarge both buildings and still meet legal parking-space requirements with an existing parking lot. Towbes added space for a law library at the back of the old printing shop and expanded both floors of the other building. All in all, he added 3,000 sq. ft. and wound up with 13,900 sq. ft. of rentable space.

- There was such demand for space that the job was 100% leased before completion. Tenants who had signed up for the proposed new building during planning willingly switched over to the remodeled buildings. Attorneys took 75% of the space; an insurance broker rented the balance. The last tenant moved in during December 1976, but finishing work was expected to take another two months.

- Truss roof construction in both buildings meant that interior partitions could be moved around at will.

- An S&L loaned Towbes money for the job before he had definitive plans. "They've been financing my new construction work for years," he explains, "and they liked the location, my rent projections and the fact that I had tenants already signed up."

- Press coverage was favorable. "This is considered restoration work," Towbes says, "so I'm something of a hero in the public eye." Towbes retained the son of one of the original architects to do the redesign work. The son's firm, Edwards-Pitman AIA, specializes in rehabbing Santa Barbara buildings.

But the final construction cost was an unpleasant surprise. The job ran \$150,000 over budget, ending up at almost \$500,000. "And that's just about what a new building would have cost," Towbes says.

"Costs got out of hand," he adds, "because I gave the tenants much more than I'd planned on. I made the mistake of letting them talk directly with the architect about materials, equipment and layout, and I lost control of their changes and upgrading." Here are some of the unplanned cost boosters that found their way into the buildings:

- Air conditioning with individual room controls, "a \$20,000 extra."

- A concealed-grid ceiling system instead of a less expensive open-grid.

- Centered windows in several offices, which required extensive work to relocate existing openings.

- The "best available" sound-deadening system.

- First-quality carpet.

- Bronze-anodized windows.

By contrast, Towbes' leases are written to avoid unpleasant surprises. They contain cost-of-living escalator clauses and require tenants to pay tax increases. Downstairs tenants, who pay 55¢ a sq. ft. per month, are on ten-year leases. Upstairs tenants, paying 45¢ a sq. ft., are on five-year leases. Towbes provides no janitorial service or utilities; tenants' spaces are separately metered.

His rental income picture for the first year of operation:

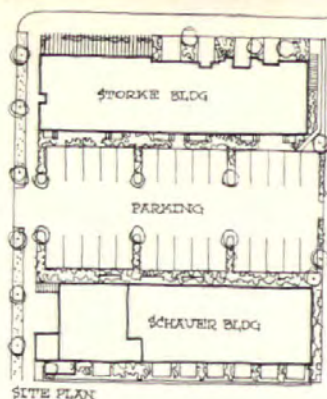
11,200 sq. ft. @ 55¢ =	\$73,920
2,700 sq. ft. @ 45¢ =	14,580
Total	\$88,500
Operating expenses	(25,698)
Cash flow before debt service	\$62,802

Towbes did his own construction work, hiring carpenters and a superintendent experienced in remodeling work. Paint was sandblasted off the stucco exteriors. Concrete steps were acid-cleaned. New roof tiles were blended in with existing ones by removing the old tiles and relaying them with the new ones interspersed. The original heating systems, hot-water pipes and radiators, were replaced by duct systems that are also used for cooling.

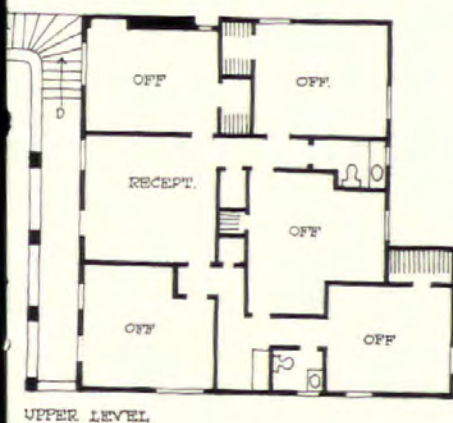
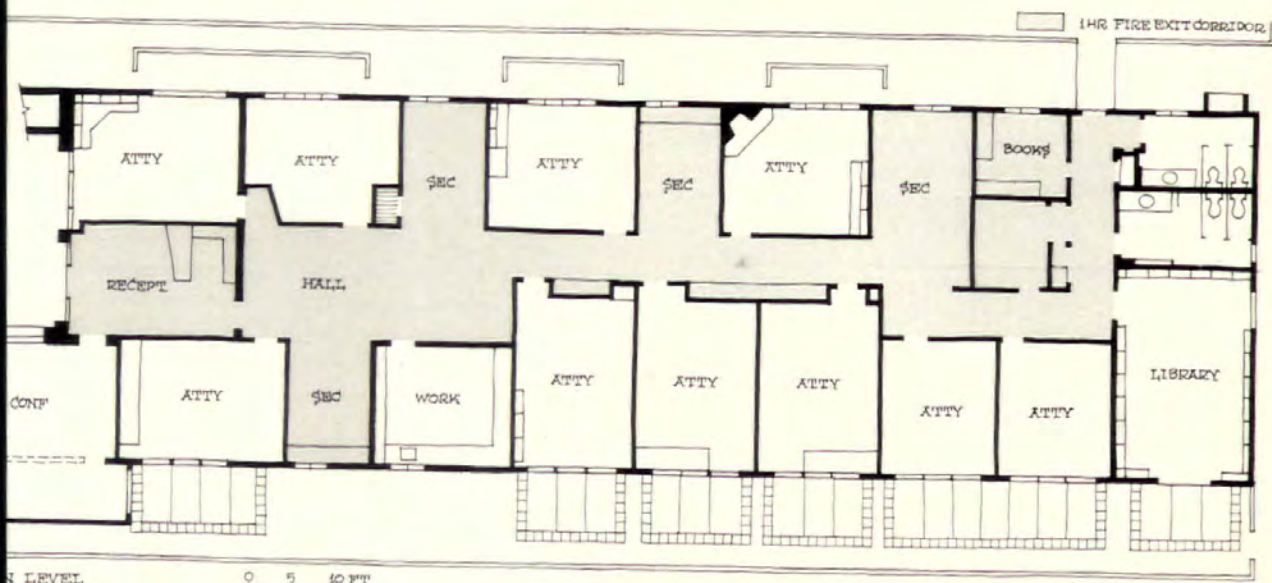
With an owner's eye to tenants' future needs, Towbes left open areas within the buildings where inside stairs can be added if a future tenant takes space on two floors; second-floor offices are now reached by outside stairways.

TOWBES' COST BREAKDOWN

Architectural/engineering fees	\$28,281.00
Permits and fees	1,400.00
Termite control	2,612.00
Concrete	10,366.00
Plumbing	12,207.00
Electrical	34,523.00
Lumber and plywood	26,209.00
Carpentry labor	101,416.00
Heating and air conditioning	59,000.00
Insulation	4,800.00
Roofing	6,172.00
Stucco	17,330.00
Drywall	15,410.00
Windows and glazing	11,776.00
Doors and finish lumber	17,256.00
Cabinets and tops	22,017.00
Painting and wallpaper	24,680.00
Acoustical ceilings	14,020.00
Finish hardware	4,460.00
Floorcoverings	17,305.00
Draperies	8,120.00
Landscaping	8,600.00
Curbs, gutters and paving	8,908.00
General labor	31,750.00
Miscellaneous	4,515.00
Total	\$493,133.00



Office complex consists of two similar buildings flanking a 30-car parking lot. One building (*top of site plan*) formerly housed several stores. The other was a print shop. Its floor plan after remodeling and the addition of space for a library is shown below. Patios, enclosed in stucco wall, were added along one side of building.



Main entrance to building shown in plan has new window frames in old openings; but structure is unchanged.

Extra-wide hall area was designed to leave space for future stairway if needed.



Jerry Beaver had never done a remodeling job or developed a shopping center until he launched Piccadilly Square. He has been developing office and industrial buildings in Santa Barbara since 1960, and also manages about 3 million sq. ft. of commercial property. Beaver's partner in Piccadilly Square is Sam D. Battistone, who heads Invest/West Financial Corp., a joint-venturer of real estate developments. Battistone is also president of the 650-branch Sambo's restaurant chain.

adjoining buildings rented by a men's-wear store that wanted to liquidate. He snapped them up in less than a week.

His reason for moving so fast: "Just a little press coverage of our plans for the Kress building brought in 100 prospective tenants in 60 days. We could hardly believe the demand for small retail spaces in the downtown area."

The two new acquisitions, totaling 10,000 sq. ft., were integrated with the Kress building by breaking through a party wall. Beaver now had 35 tenant spaces, and, he says, it took only one small newspaper ad plus word-of-mouth referrals to lease up all of them.

3. Not long after the mall—called Piccadilly Square—opened in the summer of 1975, four buildings on the other side of the old Kress store became available. Beaver bought them because he was more convinced than ever that his downtown specialty mall was just what small retailers needed.

"My tenants were setting sales records," he says, "and I figured their success would attract others."

But this time Beaver decided against remodeling because the four additions, built with beach-sand mortar, were structurally weak. Instead, he demolished the buildings and is now replacing them with 30,000 sq. ft. of new space for 50 retailers. Scheduled to open in mid-1977, the new space was 65% leased by the end of 1976.

Future plans call for construction of an open-air farmers' market behind the buildings and a 300-car parking lot to relieve an increasingly severe parking problem.

Piccadilly Square's monthly rents, the highest in town for retail space, are roughly twice the going local rate per square foot. Each tenant pays 10% of his gross sales. But, no matter how much business he does, there's a minimum of \$1.25 a sq. ft. and a maximum of \$1.75.

Why set a maximum when rents are pegged to the tenant's sales volume?

"Most of our tenants are small shopkeepers," Beaver notes, "and we don't want that 10% formula to be unfairly burdensome to them. We want to keep them in business. The \$1.75 maximum amounts to \$700 a month from a 400-sq.-ft. shop, and that's plenty." Beaver's tenants also are on gross leases, which means their rent includes utilities, taxes, maintenance and insurance.

Despite its high rents, Piccadilly Square faces no vacancy problems. The reasons:

A prime location—close to large department stores and only a block from the regional offices of three major banks.

Pent-up demand. There's a dearth of retail vacancies in the area. And the few available spaces are large—at least 2,000 sq. ft.

"Our spaces average only about 400 sq. ft.," says Beaver. "So we have the one downtown place where small retailers can get into business."

An open plan. No doors or full-height partitions separate tenants' spaces from each other or from public walkways. One store flows into the next, and the absence of thresholds encourages shoppers to enter and browse.

High sales yields. Many of the mall's tenants gross \$30 a sq. ft. per month—a high figure for any retail operation. And the smallest, a 140 sq.-ft. container shop, averaged \$50 before its sheer volume forced an expansion into larger quarters.

"The secret is small space, high volume," says Beaver. "We squeezed people into corners that we never expected to rent. And we even rent out wall space. So, based on our original plan, the completed portion of the center is actually 110% occupied."

Although most of the mall's shops are doing well, Beaver voices a couple of wary notes: Small retailers often lack financial stability, he says, and about half of his tenants are new to retailing. So, he adds, predicting who will succeed and who won't is largely guesswork. He takes two precautions: "We keep all tenants on month-to-month leases so we can get the bad ones out if we have to. And we talk new tenants into taking as little space as possible so they won't be saddled with undue overhead."

Piccadilly Square's rentals are expected to gross \$630,000 a year when all 85 shops are operating; that projected figure allows a \$30,000 loss for vacancies and includes \$24,000 for the basement warehouse spaces, which are rented to retail tenants and the public. About 40% of income (or \$250,000) will go for operating costs, which are higher than normal because of Santa Barbara's stiff downtown tax rate of \$17.77 per \$100 of assessed valuation.

Property acquisition costs totaled \$1,135,000. They included:

\$300,000 for the 15,000 sq. ft. in the old Kress building.

\$250,000 for 10,000 sq. ft. in the two buildings formerly housing the mens-wear stores.

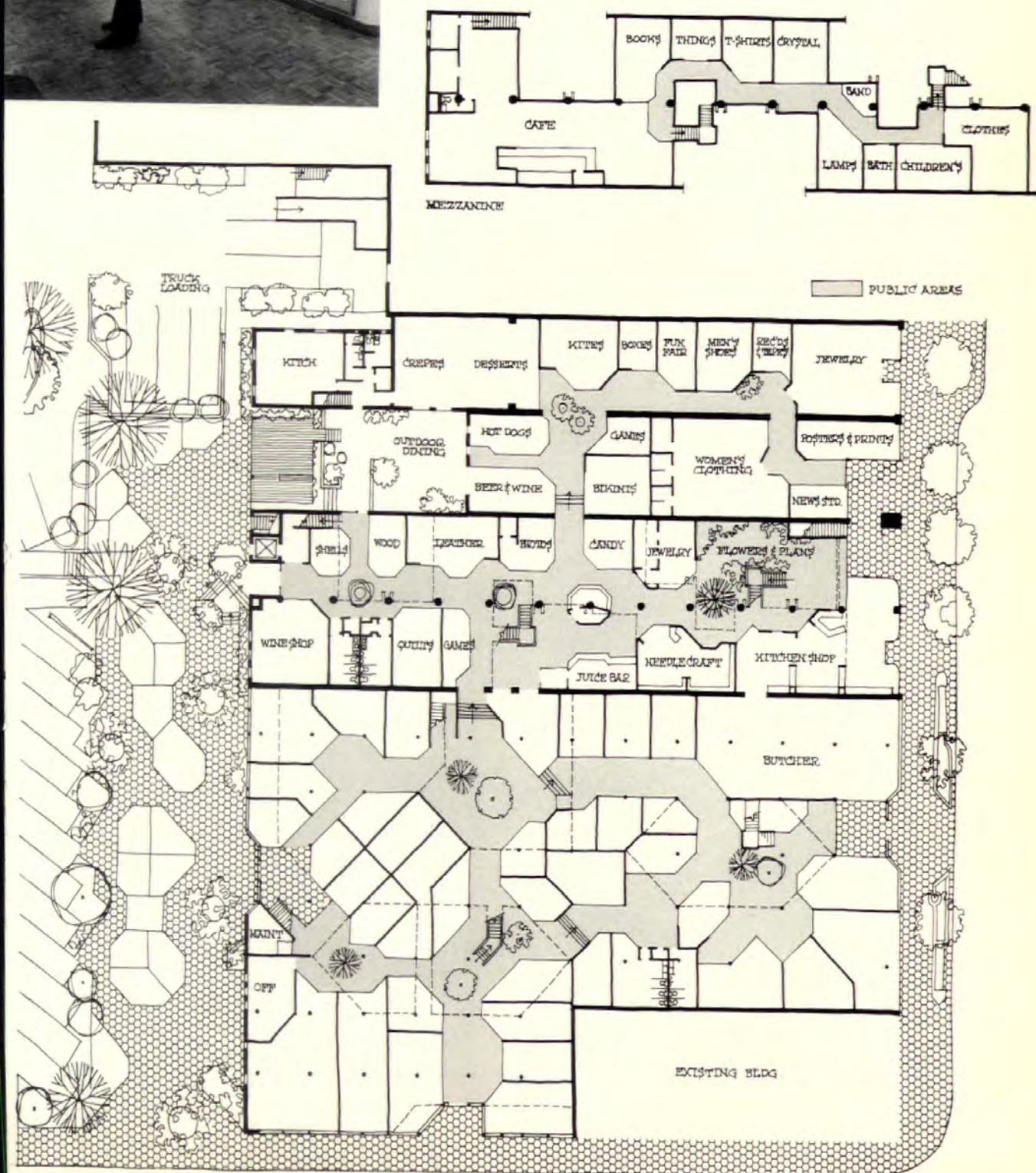
\$585,000 for the four unsalvageable buildings, which yielded slightly more than 15,000 sq. ft. of land for a per-foot cost of \$39.

Beaver's remodeling costs were \$30 a sq. ft. But his new construction has come to only \$27 a sq. ft., primarily because tenants pay for such improvements as counters, shelves, partitions and special lighting. He used one contractor—J. W. Bailey Construction Co.—for both remodeling and new construction.

—H. CLARKE WELLS



Shopping mall plan (*below*) shows jigsaw-puzzle arrangement of small specialty stores and public areas. Three attached, remodeled buildings are at top of plan, new construction at bottom. Future farmers' market is at left. Photo shows result of open layout, with kite shop's wares overhanging greeting card shop and wall space rented by art dealer.





Single-family houses

Six-unit clusters consist of individual homes separated from each other by patios.

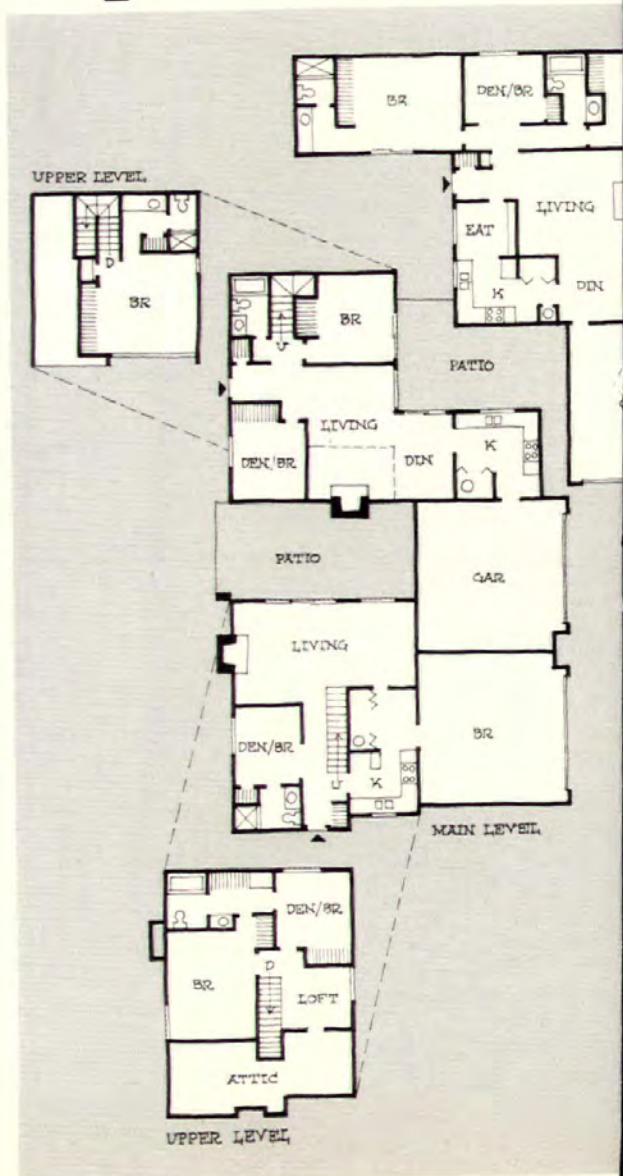
The only common walls are in the two-car garages, which are built in pairs.

The homes are offered fee-simple, with all outside maintenance taken care of by a homeowners' association. Dues range from \$51 to \$64 a month.

This high-density approach to single-family living could be adapted to many uses. For example, it would make sense on smaller, bypassed parcels of land instead of building townhouses. It does have a disadvantage, however: Unlike townhouses, the framing plan is complicated and unsuited to quick production. "It's just like building any other single-family house," says Asch, "and it can get tough from a construction standpoint."

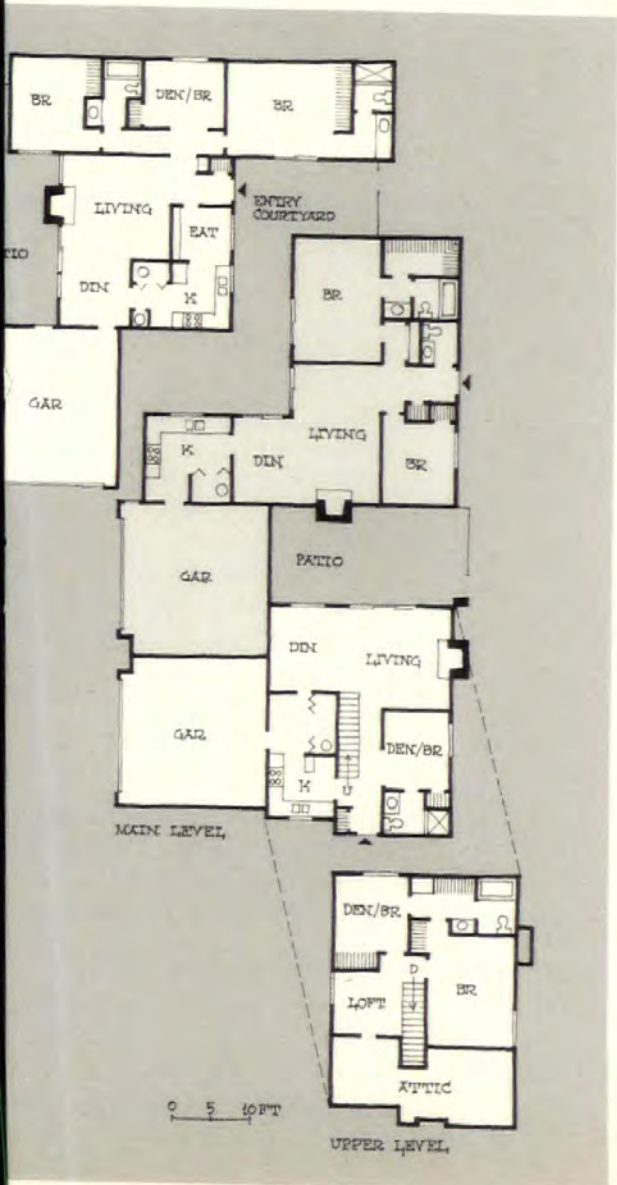
Asch plans to build 309 of these homes in three different parts of HeatherRidge, all bordering golf course fairways. The best seller was the 1,329-sq.-ft. two-bedroom/den plan shown at right. It appeals to empty nesters because of its size and because it is all on one floor. Also, the two courtyards front and back make the interior light and airy, and the living room/dining room/den layout is good for entertaining. This model sold out the first day even though, with a base price of \$46,450, it is by far the most expensive plan.

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at 11 units to the acre



They're part of HeatherRidge, a 320-acre PUD in southeast Denver, and they're arranged in tight six-unit clusters (shown at left) sandwiched between the 17th and 18th fairways of the HeatherRidge golf course.

High as this density seems, it is a lot lower than the midrise apartments at 44 units per acre that could have been built there. The developers, Environmental Developers Inc., preferred to build at lower density because they felt it would give them quicker turnover. And land cost was no constraint as the land had been acquired at reasonable cost back in 1968, before the nearby interstate highway was built.

But why patio homes instead of townhouses? "We felt that we'd get a bigger share of the market by offering single-family homes," says Jim Asch, vice president and Colorado manager of Environmental Developers.

He was right. In the first two months after the models opened, over 50 of the first 89 units offered were sold at prices ranging from \$38,450 to \$46,450. (Golf courses or lake location premiums added as much as \$7,000.) And the market was not limited to the young families with children that the homes were intended for. Half the buyers turned out to be empty nesters, 30% singles and only 20% families.

The idea for the tight clusters came from California architect Dick Finnegan, who had had good success with them in San Jose, Phoenix and Las Vegas. For Denver, however, some changes were necessary because of wind and snow-load factors. So Asch had Denver architect Ely Fishkin rework the plans, keeping the basic design intact but adapting it to the climate and adding such features as loft bedrooms that had proven successful at HeatherRidge before. The final design is so unusual a patent is pending on it.

An imaginative marketing program also contributed to the success of the homes. Across from the sales office is a large lake, and Asch capitalized on the waterfront location by naming the project Sausalito. He then filled the sales office with nautical items, such as harpoons, fishnets, lobster traps, charts and compasses. But the biggest attention-getter of all was a lottery, with a trip to Sausalito, Calif. as first prize.

For boom-riding builders

How to protect against

It's an old housing-industry story. Suddenly the bottom drops out of a hot market, and a lot of builders find themselves in deep trouble.

No one knows the story better than William Fruehling and Frank Countner, former executives of Los Angeles-based Sunrise Corporation. With Sunrise, they gloried in the halcyon climate of the early 1970s, only to suffer when the southern California market fell apart in 1974.

Now Fruehling and Countner are partners in their own company, California Community Builders (CCB). And once again, they're riding a boom: In three months, they have sold eighty-seven \$55,000-to-\$75,000 houses at their Oak Creek project in the Los Angeles suburb of Thousand Oaks. And, they say, they could have sold a lot more.

But this time Fruehling and Countner are playing it safe—proceeding with caution and making sure they are protected at every step. If the southern California boom again goes bust—and that's what some market observers now predict—the developers expect to get out with a whole skin.

Here is their bust-insurance plan:

"Develop in small chunks and move fast," says Fruehling. The worst thing that can happen, he points out, is to find yourself owning a big piece of land—with roads and utilities in and paid for and a lot of houses partly finished or finished and unclosed—while the market goes to pieces around you.

To lessen this risk, CCB tries to keep to a minimum the time between the first cash outlay and the last close in any of their phases. Here are the key points:

Try to buy land which has final zoning approval

Nothing is less predictable, Fruehling points out, than the time that will be wasted working with zoning boards. So CCB tries always to buy land which has, at best, final maps or, at least, tentative approval.

Try to option land rather than buy

This will almost always raise the price of the land, Countner says, and thus, will mean sacri-

ficing some of your profit.

"But," he says, "It's much safer in the long run. If sales fall off badly, you won't be caught with a lot of land you've paid for and can't develop or sell off."

Typically, CCB bought its 125-acre Oak Creek site under a joint-venture arrangement with the original landowner. The company currently owns about 70 acres outright but is holding the balance under option to be picked up when and if it's needed.

"We're keeping our exposure down," says Fruehling, "and we don't have to carry all that land through the total 18-month buildout period. That makes up for some of the profit we lose by joint venturing and optioning."

Develop in more— and smaller—phases

This, says Countner, offers much greater flexibility in the timing of starts and completions.

Of course, it also helps keep down inventory that could be painful if the market sagged. And, adds Fruehling, it makes it possible to presell heavily before construction starts. "We want to



Frank Countner (left) and William Fruehling (right), partners in California Community Builders

a bust

be at least 50% sold out before we break ground," he says.

For example, Oak Creek's first phase included only 27 units. It was opened last September as a kind of market test so CCB could gauge public reaction to the designs and prices of the four plans offered. The units sold out in ten days.

The second phase included 61 units, but it was split in two, with 30 homes going on the market in November (they sold out almost immediately) and the remaining ones last month.

"As it turned out, we could have done all 61 at once and been all right," says Countner. "But we wanted to play it safe."

Working in more and smaller phases has an added benefit: Prices can be raised more often, giving added protection against a rise in costs after houses have been sold. At Oak Creek's second phase, there were two jumps averaging between \$2,000 and \$3,000 each.

"This helps our marketing too," says Fruehling. "It tells prospects that our houses are a good investment, and it tends to lock in our previous buyers."

"Zero in on the serious buyer—and lock him in fast," says Countner. Mass cancellations are the biggest problems most builders face when the bottom falls out of the market. But by concentrating on buyers whose needs and desires for your houses are strongest, you'll have the best chance of keeping them in the danger period between deposit and closing.

Of course, as Countner points out, this means extra care in qualifying. Buyers for whom you might ordinarily stretch should be scrutinized much more closely. "If you feel there's any chance a prospect might cancel out, you're probably better off without him."

CCB has these suggestions on how to home in on the serious buyer and, once he's committed, keep him committed:

Speed up your escrow processing

CCB insists that buyers submit their credit and loan applications within five days of signing the initial purchase agreement, and that they get the loans approved within 30 days.

"This does two things," says Countner. "It tells us almost immediately if the buyer will qualify for financing. And, more importantly, it measures the seriousness of his buying decision."

"If a prospect puts a deposit down and tells you he'll fill out the papers later, it usually means he has a reason for delaying," Countner states. "But if he makes the effort to sit right down and do the paperwork now, you can be pretty sure he's for real."

Use interest rates as a lock-in tool

First of all, says Fruehling, specify in the contract that the mortgage loan will be made at prevailing interest rates. Thus, the buyer will not be able to use rate increases as an excuse to cancel.

On the other hand, Fruehling continues, when a home is nearing completion, and if interest rates are favorable at the moment, you should try to get a firm commitment from the lender. "Often," he adds, "you can lock in a waverer by calling him and telling him that if rates do jump, he's protected."

Get options and extras selected early

The process of deciding on different colors and materials, and of committing on extra features, takes the buyer over a psychological hump and further reduces the chances he'll cancel, says Countner. So the more quickly it's done, the better. And there's a fringe benefit: Early selections will get into the production schedule at an earlier stage and diminish the kind of expensive foul-ups that result from last-minute decisions.

Deal with the buyer's present-home problem

First of all, says Fruehling, stay away from any contingency clauses that make the new-home purchase dependent on the buyer's disposing of his present home.

"That can be a big psychological cop-out for him. And of course it means that you don't have a very firm sale. We specify that if a buyer cancels because he can't sell his present home, he loses his \$1,000 deposit."

On the other hand, it's important to do everything possible to be sure your buyer can get rid of his old house. "Especially," says Countner, "because that's where his equity is coming from."

So while CCB doesn't play a direct role by taking the house in trade or brokering it, the company does begin early in the game to make sure the prospect goes through the proper steps in putting it on the market. CCB salesmen put their prospects in touch with good local brokers, and they keep tabs on how things are going through weekly broker reports.

"We want to know if they've had any offers," says Fruehling, "and if not, whether their listing prices are reasonable. If not, we can at least advise them to set more realistic prices."

Avoid anything that promotes panic buying

This, says Fruehling, includes the kind of "happening"—lotteries, first-in-line campouts, etc.—that crop up in some markets during a strong boom and promote huge buying surges.

"This brings in the panic buyer," says Fruehling, "the guy who rushes in to buy because everyone else is, but then goes home, cools off and wonders why he did it."

"What you're looking for is the opposite—a smooth, stable buying pattern. An erratic market can be scary in the best of times; in a rough period, it can be disastrous."

Avoid speculators like the plague

Speculators are another offshoot of some booms. They buy houses, hold them (usually renting them out), then resell them at the inflated prices a boom creates. When they do sell, they compete with the builder's later phases. And if a crunch comes, they tend to unload at prices that far undercut what the builder can charge.

"If we suspect that a buyer is really a speculator, we simply tell him he's not welcome," says Fruehling.

As further protection, a clause in CCB's escrow instructions forbids double escrowing—a typical speculator technique whereby a buyer can substitute nominees in his place in the escrow.

"Be conservative—and careful—in management," says Fruehling. This may sound like nothing more than good sound business practice and, to some degree, it is. But it also means being extra conservative in areas that could be most severely affected by a busted market. Specifically:

Keep advertising money in your budget

And do it, says Countner, even if the market is so strong that you don't need to advertise. "If the market goes bad, you'll be glad you've got the money there to use."

At Oak Creek, 3½% of the gross sales—about \$2,000 a house—has been put aside for advertising and sales promotion. Only about 20% of this has been used to date. The rest is waiting to be used in case of trouble, or to be shifted into the profit column if all goes well.

Keep model decorating money in the budget

Again, says Countner, it may not be necessary if things are booming along. Nevertheless, CCB is spending around \$115,000 on its Oak Creek model decorating and landscaping.

"The boom may be over before Oak Creek is sold out," says Fruehling. "We want to be sure we have a good marketing image out front if things do change. And if things should get really bad, we'll have an immediate advantage over the builders who haven't spent money on models."

Monitor the market constantly and closely

This means first of all shopping the competition and checking competitive buildout progress.

"We get quarterly marketing reports on all our competition from a local market research company," says Fruehling. "And we call on the most competitive projects every week ourselves and get their prices and building schedules."

It's also important, says Countner, to keep tabs on the resale market.

"Any softening there could trigger a chain reaction in new-home sales," he says. "It might be a signal to use to either slow down, or turn off altogether."

Finally, don't get caught in the ego trap

"Lots of builders fall into it during a boom," says Countner. "They start believing their own promotion, thinking they're the smartest guys in the world. And then they try to do too much, forgetting that they should only build as much as they can manage well. Then, when the bust comes, they're the first ones to go down the tube."

—J.G.C.



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Furnishings	108
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Reclaimed materials add realism to Colonial interiors

Barnwood, wide-plank flooring, wood beams, weathered clapboard and antique stones and bricks collected from dismantled old structures provide authentic Colonial decor.

Weathered eastern pine barnboard, one of the most popular and most readily available products, is offered in Select Grade A or Grade A in random widths to 12". Color choices include tones of brown (from the south sides of original structures), a silver gray shade (from northern exposures) and a weathered barn red.

Hard pine wide-plank flooring, an-

other product in great demand, can also be used in more contemporary settings. Installed smooth or rough side up, planed flooring needs no waxing or sanding. The smooth side can be stained. Select Grade A comes in widths of 12" to 20" and Grade A is offered in 6" to 12" widths.

A selection of beams, clapboards, bricks, stones and accessories such as wagon wheels and whiskey barrels completes the specialized decorative product line. Diamond K, South Windsor, CT. Circle 275 on reader service card



Living room (left) features barnwood wainscoting, rough-cut beams, a quarry stone fireplace and a wide-plank floor. Doorway (below left) shows wide-plank flooring with wrought head nails and a doorframe of hand-hewn beams. Rough-cut beams (above) emphasize a stucco ceiling. Dutch Stable door (below) is accented by batten strips.





Kitchen cabinetry, "Pinecrest" (above), features all-wood door and drawer fronts and interiors coated with stain-resistant vinyl. Single-door wall cabinets have adjustable shelves. Homecrest, Goshen, IN. Circle 200 on reader service card



"Imperial" electric range (above) features a "Vesta-Minder" automatic oven control and a digital clock. Unit with a large continuous-cleaning oven, has a silicone oven door seal. Athens Stove, Athens, TN. Circle 201 on reader service card



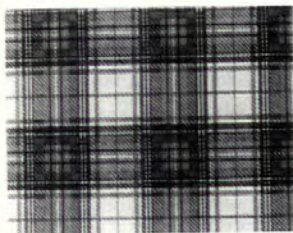
Automatic washer and dryer (above) have 20 lb. capacities. Washer, with 11 programmed cycles, is an energy-saving appliance. Dryer offered in gas or electric has an automatic shut-off control. Norge, Herrin, IL. Circle 205 on reader service card



Energy-free dishwasher, "Imperial Four Dishmaster" (left), can be easily installed in place of a conventional kitchen faucet. Unit saves water and detergent. Manville, Pontiac, MI. Circle 202 on reader service card



Convertible dishwasher with a 3-level power wash (left) can be used as portable or built-in. Unit with a removable butcher block top features forced-air drying. Gibson, Greenville, MI. Circle 206 on reader service card



High-pressure laminate in a Scotch plaid design (left) resists cigarette burns, household stains and alcohol. Multicolored pattern is designed to blend with a wide range of interiors. Parkwood, Lowell, MA. Circle 203 on reader service card



Single-lever faucet for top-mount installation (left) has a graceful tubular brass swing spout finished in chrome plate. Unit features a maintenance-free "Permacore" cartridge. Elkay Mfg., Broadview, IL. Circle 207 on reader service card



Kitchen countertop, GlamourTop™ (above), is available in custom sizes in a wide range of patterns and colors. The "Ready Eddy" program can provide countertops to builder specifications in a matter of days. Plastic Clad, Birmingham, AL. Circle 204 on reader service card



Early American style cabinetry, "Villager" (above), comes in seven stains. Accented by brass hardware, cabinets feature self-closing hinges and dual drawer guides. Wall-mount unit have adjustable shelves. Imperial Cabinet, Gaston, IN. Circle 208 on reader service card

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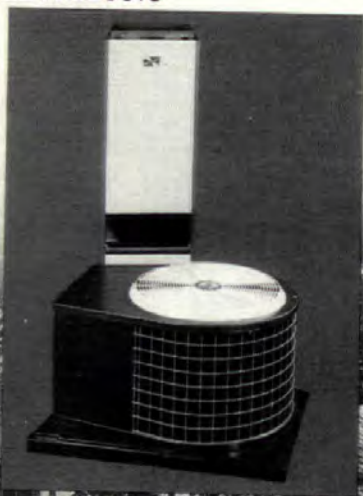
"The magic word today is 'trouble-free,' and I don't hesitate to use it when it comes to Whirlpool. I don't have any problems and my phone doesn't ring at night.

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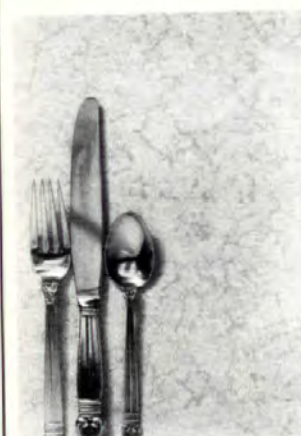
Mr. Charles K. O'Connor is one of the 12 custom builders selected to participate in developing Kingwood, "The Livable Forest," Houston, Texas.


Whirlpool
HEATING & COOLING PRODUCTS





Microwave oven, "Carousel" (above), features variable cooking controls, a 25-minute timer and a 5-sided rotary recipe guide with suggested settings for more than 50 foods. Sharp, Paramus, NJ. Circle 209 on reader service card



High-pressure laminate, "Golden Topaz" (left), is an abstract random swirl pattern. Offered with a satin or mirror finish, material is suited for countertop use. Nevamar, Exxon, Odenton, MD. Circle 210 on reader service card



Wall-mount range hood (above) features a "Magic Lung" pressure blower system and built-in fluorescent lighting. Unit comes in a range of finishes, colors and trims. Vent-A-Hood, Richardson, TX. Circle 212 on reader service card

Contemporary cabinetry, "Vanguard" (below), is offered in a choice of four woods in a variety of hand-rubbed finishes. Cabinets can be fully fitted with custom accessories. Wood-Mode, Kreamer, PA. Circle 213 on reader service card



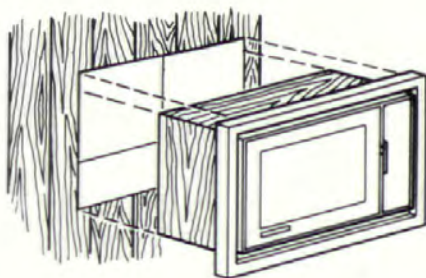
Fully fitted bar cabinet (above) includes easy-access, slide-out storage trays for bottles and utensils. The countertop is designed to accommodate a standard bar-size sink. Unit comes in all Rutt door styles. Rutt, Goodville, PA. Circle 211 on reader service card





Whirlpool

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Whirlpool
CORPORATION



Sectional seating (above) comes in single, double and triple units. A lounge chair and ottoman complete the grouping. Base is wood with a web support covered by a padded deck. Marden, Chicago. Circle 214 on reader service card

Mini-bar (left) is an up-dated version of an early phonograph. Cabinet in a rich golden oak is part of the nostalgic "Keepsakes" collection of occasional and recreational furniture. Pulaski, Pulaski, VA. Circle 215 on reader service card

Contemporary recliner (right), part of the "Wall Lounger" line, requires only 3½" of space from the wall. Designed for comfort, chair has high arm and headrests and a loose back cushion. Barcalounger, Chicago. Circle 216 on reader service card

Modular wall unit (below) is designed to coordinate with "Classic Harvest" kitchen and bath cabinetry. Storage cabinets and shelves feature a mar-resistant Durasyn® finish. Haas, Sellersburg, IN. Circle 217 on reader service card



Contemporary sofa (above) features natural wood trim. Cushions have sewn-in pleats to create a billowy look. Tub chair in the foreground is available with an optical swivel. Stradford, Chicago. Circle 218 on reader service card

Outdoor dining group (below) features a multicolor umbrella. Pedestal-base table comes with a glass or reinforced fiber glass top. Chairs are PVC Style-strap® cordwrap. Wall Tube & Metal, Newport, TN. Circle 219 on reader service card



A HOUSE & HOME SEMINAR

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small non- residential projects

Miami, February 24-25

Los Angeles, March 28-29

Chicago, April 18-19

small non- residential projects

There is a growing demand for small office buildings, small shopping centers and small industrial spaces.

That's because more and more small businesses are looking for well-located office and industrial space sized to their needs. And more and more consumers are looking for shopping environments with the human scale and charm that big regional centers just don't have.

Furthermore, smaller non-residential projects can be much more profitable—and much less risky—than big ones.

Many big projects are limping along with high vacancies, while smaller projects are full. And there are more high-profit opportunities in small market areas than in most of the big and booming areas.

Small non-residential projects offer a big opportunity to the residential builder.

In scale, design, financing and construction, these projects are not so different from the housing he's already building. Indeed, the residential builder may have an edge over the big, established non-residential developer who lacks experience in small scale design and building, and whose high overhead may make small projects infeasible.

But the small non-residential market is a demanding one.

It demands precise understanding of where the market is, its size, and what it wants. It demands flexible design. It demands first-class management. And it demands tight cost control all the way from initial financing to the management budget.

And this HOUSE & HOME seminar is designed to show you how to meet these demands. Specifically, you'll learn:

Market research

- ☐ How to locate and identify prospective tenants
- ☐ How to identify market segments
- ☐ How to project absorption rates
- ☐ How to select the right site

Feasibility

- ☐ How to project construction costs, overhead and profit
- ☐ How to project cash flow
- ☐ How to project operating costs
- ☐ How to make the most of tax advantages
- ☐ How to handle depreciation

Design

- ☐ How to scale spaces to prospective tenants' needs
- ☐ How to handle tenant improvements
- ☐ When and how to provide extra amenities
- ☐ How to handle special construction details

Financing

- How to put together the best possible loan package
- How equity participation should be structured
- How to go the joint-venture route

Marketing

- How to select a leasing firm
- How to work with local brokers
- How to structure rents
- Short-term vs. long-term leases
- How to handle percentage clauses and escalation clauses
- How to advertise—and when

Management

- How to pick a good management company
- How much to pay for management—and what kind of service to expect
- How to use operating statements

And you'll learn about special opportunities in recycled non-residential property

- The advantages of re-marketing existing properties
- Determining an existing building's potential value
- Deciding the right time to buy

Miami, February 24-25

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Los Angeles, March 28-29

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Chicago, April 18-19

Marriott Hotel

You'll learn from a faculty with broad—and practical—experience in the non-residential field

Dr. Alfred A. Gobar is president of Alfred Gobar Associates, probably the most highly respected real-estate research firm in the country. As both a market analyst and an economist, he has particular expertise in the interrelated areas of market feasibility and financial feasibility. For many years Dr. Gobar has specialized in research for non-residential as well as residential development, and his clients include such major firms as Kaiser-Aetna, Coldwell Banker & Co., Dunn Properties, Broadbent Development Co. and Newman Properties. He is also a member of the faculty of the International Council of Shopping Centers' educational division.

Wayne Ratkovich is a partner in the firm of Riverside Investment Management, which develops new and existing commercial and industrial buildings. His company is currently in partnership with Wells Fargo Mortgage Investors, manages developments for New England Mutual Life Insurance Co., and is developing the Scripps Ranch Business Park in San Diego in partnership with Societa Generale Immobiliare. Mr. Ratkovich was formerly a vice-president with Coldwell Banker & Co. where he handled negotiations for more than \$35 million in industrial sales and leases. He is currently on the steering committee of the National Association of Office and Industrial Parks, Southern California chapter.

Robert Holmes is president of Oltmans Construction Co., one of the largest commercial/industrial building firms in the country. Acting as both a contractor and an equity partner, Oltmans builds offices, industrial buildings, warehouses and international headquarters facilities. Mr. Holmes is president of the California Builders Council and a member of the American Arbitration Association.

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small non- residential projects

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

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"Hide-a-Bed" sofa (above) with fold-over cushion arms and knife-edge pillows is upholstered in a woodgrain-print fabric. The contemporary-style "Alpha" conceals a queen-size bed. Simmons, New York City. Circle 220 on reader service card

Contemporary seating, the "Golden Oak Collection" (below), is crafted of solid oak butcher block. Designed by Charles Gilberterra, the modular group features fold-over arm and back cushions. Terra, El Monte, CA. Circle 221 on reader service card



Modular seating in woven rattan (above) has a casual contemporary look. Rattan has a tough, clear protective finish. Glass-top and woven-top accessory tables are also offered. Calif-Asia, El Monte, CA. Circle 223 on reader service card



Leather upholstered seating group (above) consists of individual top and bottom components that can be combined in a wide variety of arrangements. Brazil Contempo, New York City. Circle 222 on reader service card

"All-A-Round" closet system (right) is a space-saving automatic rotating device that can be easily installed in a 4-sq.-ft. area. Comparable conventional closets are more than 1 sq. ft. larger. All, Petoskey, MI. Circle 224 on reader service card



Outdoor furniture (above) has tubular aluminum frames with a baked white acrylic finish. Seats and backs are horizontal straps of heavy commercial-grade PVC. Lawn-lite, Miami, FL. Circle 225 on reader service card

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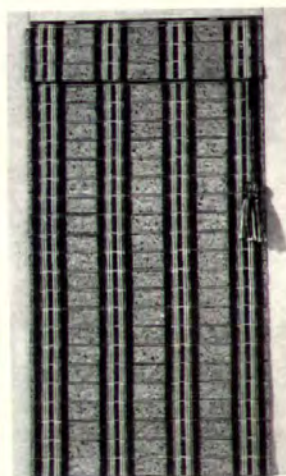
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FURNISHINGS

Deck chair and ottoman (right) have redwood frames that fold flat so they are easy to carry and store. Lightweight and indoor/outdoor furniture comes with canvas duck cushions in bright orange or natural colors. John Hancock, San Diego. Circle 226 on reader service card

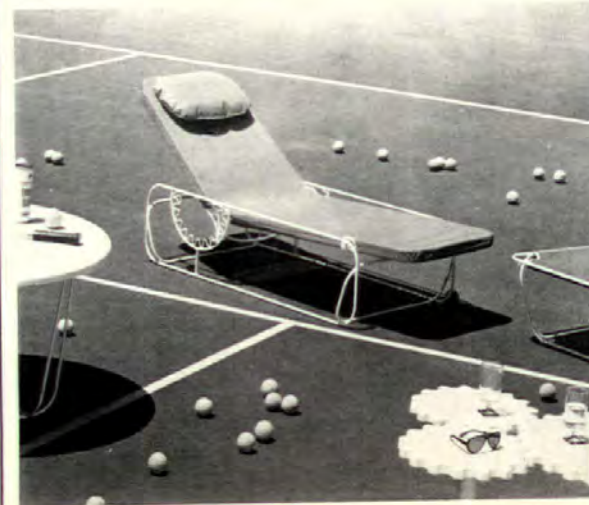


"Contempo Wood" seating group (above) features U-shape arms and legs of blonde-finish wood and sling-type foam-filled cushions in corduroy or Herculon olefin. Bunting, Philadelphia, PA. Circle 227 on reader service card



Roman shade (left) is constructed of cork-laminated wood woven with colorful yarns. Custom-made shades can be produced to any size with choice of natural or dyed yarn. Window Modes, New York City. Circle 228 on reader service card

Multiposition lounge chair (below) features gear which also serves as a decorative accent. Part of the "Mariposa" group, chair has steel-frame and air-filled plastic-coated upholstery. Lande, Gardena, CA. Circle 229 on reader service card





Vall bed designed for easy raising and lowering (above) can support the heaviest conventional box spring and mattress. Easy-to-install unit comes in standard bed sizes. Sico, Minneapolis. Circle 230 on reader service card



Wide cloth shade (left) is shown in a breakfast-nook window treatment. Yellow "Coronado" cloth shade features hem in a greek key design trimmed with green fringe. Joanna Western, Chicago. Circle 231 on reader service card



Modular seating system, "Software" (below), has steel structure with polyurethane foam-filled cushions. Fabric, vinyl or leather upholstery is available. Atelier International, New York City. Circle 232 on reader service card

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Prefinished flush door with chrome or brass accent strips (*above*) complements residential or commercial interiors. Door is offered in pairs or full width in a choice of 3 finishes. J. Zeluck, Brooklyn, NY. Circle 233 on reader service card



Entrance door with Early American styling, "Valley Forge" (*above*), is crafted of ponderosa pine. Door features dowel-joint construction and measures 3'x6'8"x1 3/4". Ideal Certain-teed, Waco, TX. Circle 234 on reader service card



All-wood garage door, Driftwood™ (*above*), features a deep-relief, weathered texture. Door, offered in standard sizes, can be stained or painted. Phenix, Shawano, WI. Circle 236 on reader service card



Heated insulating glass (*right*) provides a clear view where condensation is a problem. One surface of the heated pane has electricity-conducting metallic oxide coating that raises surface temperature. Ardco, Chicago. Circle 237 on reader service card



Automatic door closer, "Dor-Magic" (*left*), installs on any standard hinge without use of tools. Heavy-duty unit is brass-plated and features smooth action that keeps door from slamming shut. Rego, Beverly Hills, CA. Circle 238 on reader service card



Insulated steel entry door (*above*) has foamed-in-place urethane core. Warp- and moisture-resistant door with a thermal barrier has 1 1/2 hr. "B" label fire rating and a universal hardware adapter plate. Precision, Miami, FL. Circle 235 on reader service card



Aluminum storm door, "Quaker" (*above*), features two-light traditional styling. Durable door with 3 3/4" stiles comes in choice of white or bronze finish with all-metal heavy-duty black hardware. Also Anaconda, Akron, OH. Circle 239 on reader service card

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- Sales-training schedules and data
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and most important, you'll have ample opportunity to question and discuss all these subjects with Dave Stone and with your fellow students in both formal and informal sessions.



Dave Stone's sales and sales-management expertise comes from years of front-line experience. He started his housing career as a builder and home salesman, then served as General Manager of Stone & Schulte, a realty firm that represented some of the most successful homebuilders in Northern California. He is currently President of The Stone Institute, a market consulting firm with builder and realty clients in all areas of the country.

In recent years, Dave Stone has become widely accepted as homebuilding's leading instructor in real-estate sales and sales management. He has lectured to more than 100,000 builders, sales executives and salespeople, many of them in House & Home seminars and workshops. He is the author of nine books on real-estate sales, including most recently the best-selling "How to Sell New Homes and Condominiums," published by House & Home Press.

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Seminar Fee

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

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 hotels involved to hold a limited

block of rooms for the use of attendees. You can reserve your room as follows:

Doubletree Inn—call (602) 994-9203, or write to 7353 E. Indian School Road, Scottsdale, Ariz. 85251
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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 seminar rate.

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Electrically powered scaffold (above) has movable push-button controls. Unit with a 24' reach and a 1000-lb. capacity has a skidproof aluminum platform. Up-Mobile, Sacramento, CA. Circle 254 on reader service card.



"Roto-Metric" (left) converts linear scale measurements in metric measure to the actual meters, centimeters and millimeters required. Unit comes with five scaling wheels. Esti-Mate, Philadelphia, PA. Circle 257 on reader service card



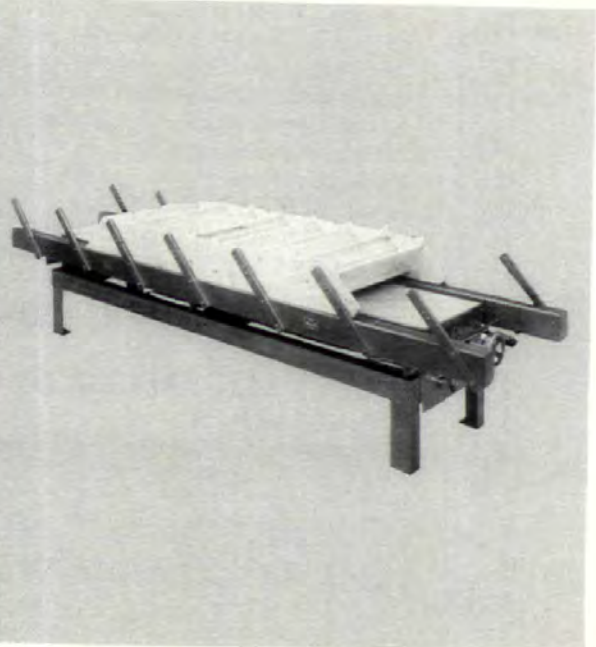
Lawn and garden tractor, "Model 165" (above), is a quiet-operating, smooth-riding unit. The 16 hp vehicle features a quick-hitch system for easy attachment of implements. Ford, Troy, MI. Circle 258 on reader service card



Rechargeable "Soldergun" (left) has a compact, self-contained, removable "POWER-PACK". Unit snaps onto the tool to provide power and plugs into a 110v outlet to recharge. Disston, Pittsburgh, PA. Circle 255 on reader service card



"Model 1529 Nibbler" (left) is a compact, lightweight corrugated sheet metal cutter. Unit has an 18-gauge capacity and a 360° rotating head that responds to directional pressure. Robert Bosch, Broadview, IL. Circle 259 on reader service card



Staircase assembly clamp (above) can accommodate up to 16 risers at a maximum width of 50". Unit is fitted with air-operated clamping cylinders to hold stringers, treads and risers in position or glue and wedge application. Ruvo, Largo, FL. Circle 256 on reader service card



Heavy-duty steel contractor truck body (above) features a 4-way double-hinged tailgate and extra cross sills for heavier load handling. Bodies come in 12', 14' and 16' sizes with smooth or deck-plate steel or 2" wood floors. Reading, Reading, PA. Circle 260 on reader service card

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Nine lighting booklets give product data

Luminaire with contemporary styling is the subject of 12 four-color pages. The aluminum-housed luminaire can be mounted in a variety of ways—on a wall or on a pole in combinations of one to four fixtures. Aluminum, steel and wood poles are described; specs and lumen utilization data are given in chart form. Hubbell, Christiansburg, VA. *Circle 300 on reader service card*

Light bulb brochure describes a line designed for use in restaurants, resorts and other commercial applications. The lamps have long-lasting filaments—their life is up to 2½ times that of standard bulbs—so maintenance is reduced. Some of the bulbs shown: decorative lamps that fit existing sockets, PAR lamps and Bug-A-Way® bulbs. Westinghouse, Bloomfield, NJ. *Circle 301 on reader service card*

Lighting/seating/signage unit is explained in a four-page color flyer. Photographs show unit in typical installations—walkways, recreation areas—and in a variety of models—downlight, totally luminous, sidelight, etc. Also in-

cluded are specifications, selection chart and a list of available options, including vandal-resistant modifications. Mold-cast, Pine Brook, NJ. *Circle 302 on reader service card*

Fluorescent lighting catalog is designed for electrical contractors. Thirty-six pages include black and white pictures and text describing recessed troffers, surface-wrap units, strip lighting, etc. Also covered: rules-of-thumb for laying out fluorescent lighting jobs and a guide to minimum recommended foot-candle levels for a variety of non-residential applications. Detailed specs are given. Keene, Union, NJ. *Circle 303 on reader service card*

Contemporary lighting catalog shows chandeliers, wall-mount fixtures and bathroom make-up lights. Three lines are described and illustrated in four color; dimensions and wattage are given in chart form. EJS, Compton, CA. *Circle 304 on reader service card*

Accent and display lighting fixtures are described in a series of product sheets.

Each sheet is illustrated with black and white photographs and comes pre-punched for ring-binder insertion. Offered are portable units, base-mounted lighting, strip lights and three "big beam" spotlights. Fostoria, Fostoria, OH. *Circle 305 on reader service card*

Emergency lighting systems are presented in a series of four flyers. Products described: exit lights illuminated by battery when normal power fails; self-contained low-profile fixtures that provide 1½ hours of light in emergency situations; and a lighting system that powers up to eight fixtures from a single source. World Lighting, Carolina, Puerto Rico. *Circle 306 on reader service card*

Vandal-resistant luminaire is described in an illustrated data sheet. Text outlines distinctive features of the unit such as tamper-resistant holt-head screws, a shock-resistant pre-wired floating socket and a durable polycarbonate diffuser. Complete specifications, dimensions and ordering information are given. Johns-Manville, Holophane, Denver. *Circle 307 on reader service card*

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