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housing

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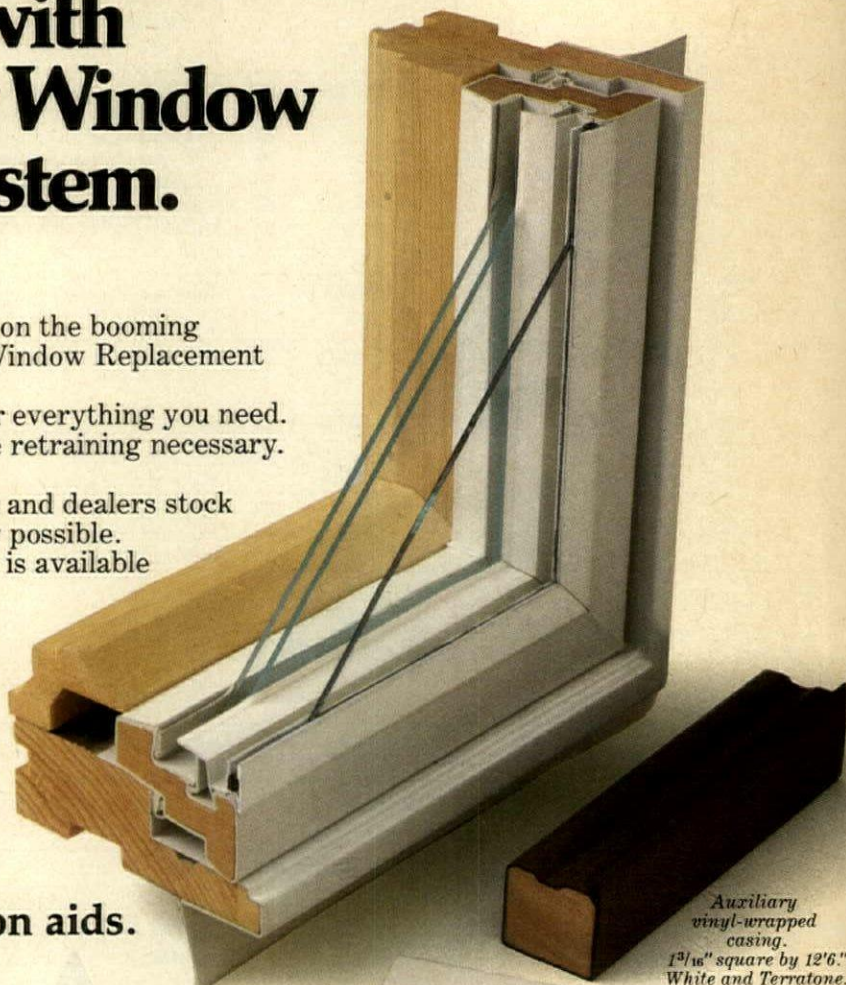
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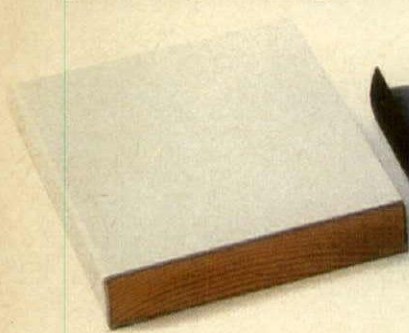
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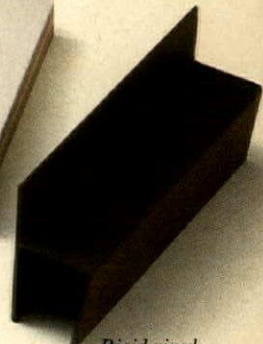
Perma-Shield™ vinyl filler. 3½" and 5½" widths in 6' and 10' lengths. Vinyl-wrapped and laminated on three sides. White and Terratone.



Rigid vinyl trim strips. ¾" face dimension by 12' and 1⅞" face dimension by 6'5". White and Terratone.



Vinyl laminated board. ½" thick in 2' x 8' sheets. White and Terratone.

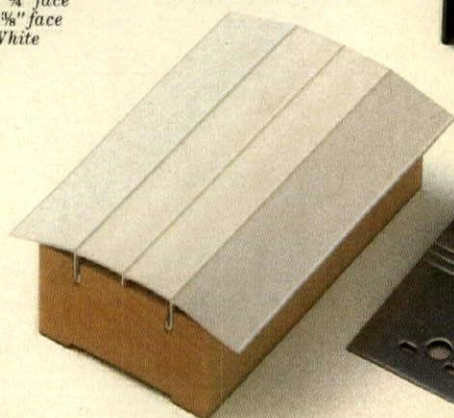


Rigid vinyl "h" channel. 12'6" lengths. White and Terratone.

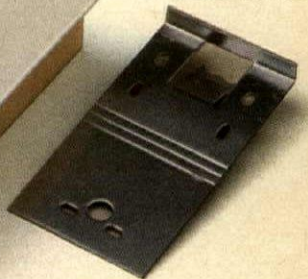
Andersen has designed an entire line of installation aids that let you custom-fit stock-size Perma-Shield windows to virtually any opening.

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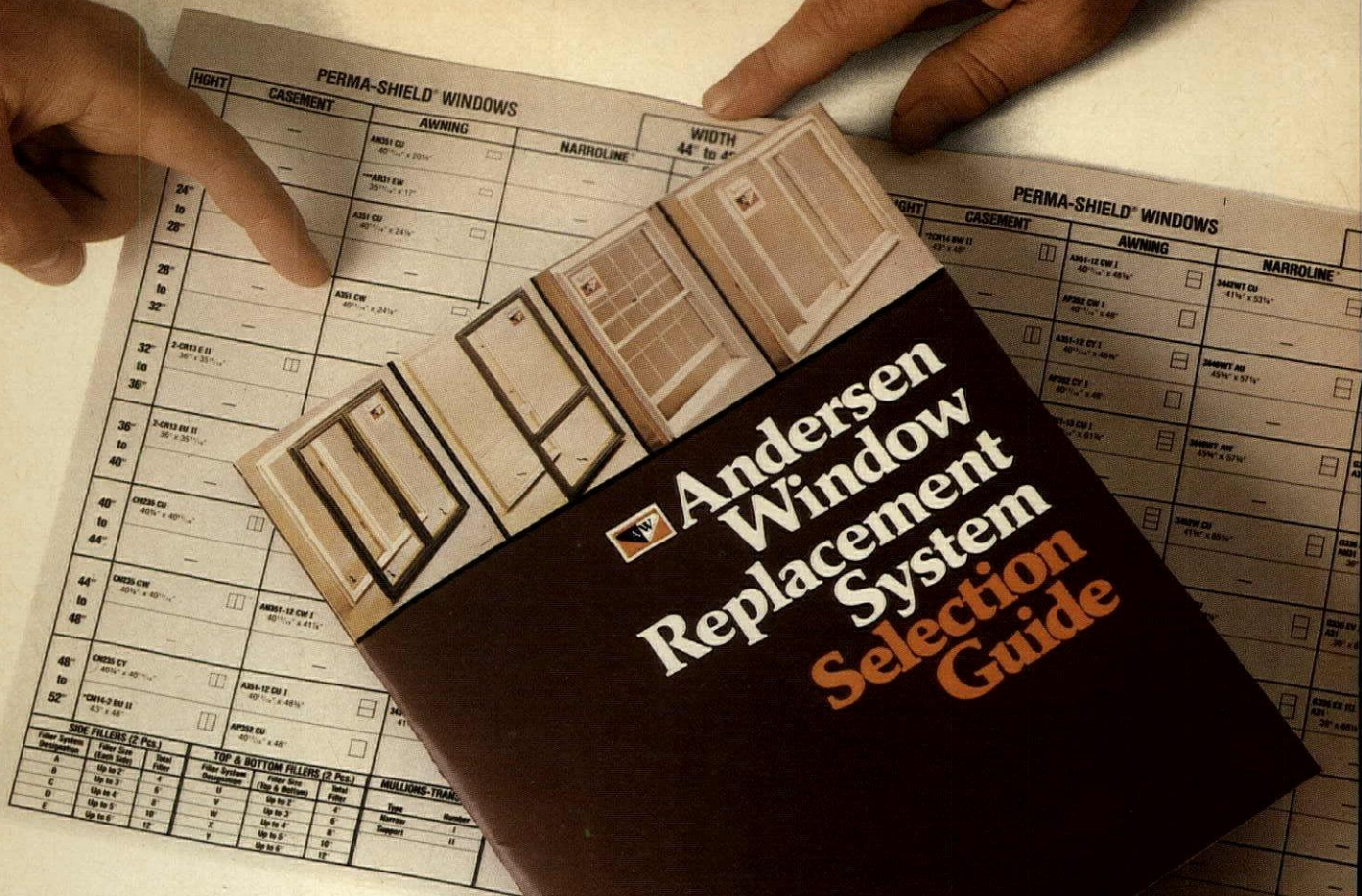


Support mullion filler and vinyl trim. 2" face dimension by 12'. White and Terratone.



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You've got nothing to lose but your share of 13,000,000 window sales this year.

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The obvious and not so obvious



Time was when a few enterprising people with limited financing could pool their business and financial resources and become publishers of a journal. Entrepreneurship is not dead, but this publisher and McGraw-Hill believe it takes a good deal more to produce outstanding magazines than a few enterprising folk.

At HOUSING, we start with an information need from a well-defined audience—the builder. We add an editorial staff that is large, experienced and, we think, the best in the industry. That's obvious as you look at the masthead. But the number of editors doesn't count as much as what they produce. Take, for example, the article on page 44, "How to do a joint venture," today's fastest-growing financing method. Or, the exclusive "Housing Demand Index" opening on page 59. Both are examples of HOUSING's editorial leadership.

We print on a 45-pound sheet of paper that costs a good deal more than the commercially acceptable 34-pound sheet used by so many other magazines. Why? You deserve the best possible reproduction we can deliver, and since you share your copy with as many as three readers, we want the third to have as attractive a copy as the first. That's obvious too.

With our next issue, new products and all of the feature articles will appear in four-color to provide you with the most attractive and visually informative presentation possible. That will not only be obvious, it will become the industry standard.

What's not so obvious is the scope of information available to HOUSING's editors, and thereby to you, from McGraw-Hill. When we looking for the latest in custom-house design we draw on *Architectural Record*; current costs, Building Cost Publications and Wood and Tower. To keep track of building activity across the nation, we have the Dodge Reports, and to keep abreast of governmental regulations and standards, McGraw-Hill's Regulatory Impact Service.

Seventeen news bureaus and 176 correspondents provide constant coverage of information and news in every market to supplement the HOUSING editorial staff. Nineteen different building-information publications and services, produced by well over 2,500 people within McGraw-Hill contribute in one way or another to this magazine to provide you with the best, most reliable, and most authoritative building information available. Come to think of it, it is obvious to readers of HOUSING.

McGraw-Hill (and particularly George Christie) has long been recognized as the leading economic forecaster in the construction industry. And now this leadership has been strengthened by the acquisition of Data Resources, Inc. The latest DRI macro-study shows a 10% increase in housing starts in the '80s over the decade of the '70s. The increase will hit a high of 2,291,000 starts in 1989. Further, the industry appears to be headed toward consistency, minus the peaks and valleys of the '70s.

HOUSING's circulation will increase parallel with the turnaround in building. Effective with our next issue, well over 100,000 copies will be mailed (over 80,000 to builders). Why? To provide the industry with the best coverage of the most important news and information during the growth decade of the '80s. All of that seems very obvious to me.

—G. ROBERT GRISWOLD



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in America**

*...and they are
also extremely
beautiful!*

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Differential phase-out: hard times for S&Ls

Deregulation proves to be a mixed blessing for the nation's thrifts, as they discover that without their traditional quarter-point differential, it's harder to attract deposits.

The result: less money at S&Ls for home mortgage lending.

The S&Ls still have their differential for savings accounts, although this will be eliminated over time. But they already must compete with commercial banks at the same interest rate for money-market certificates (MMCs) when the rates on six-month Treasury bills are between $7\frac{1}{4}\%$ and $9\frac{3}{4}\%$. (When the rates are higher or lower than that, S&Ls may pay up to $\frac{1}{4}\%$ more than commercial banks).

James Christian, senior economist of the U.S. League of Savings Associations, says that from the time the six-month certificates were first authorized in June 1978, until the restrictions were put on the differential in March 1979, the thrifts took in about half of all new money invested in the certificates.

But when the thrifts lost their differential in April 1979—because rates rose above 9%—their share of MMC funds fell to 39%. The next month, they fell to 26%. At the same time, the commercial banks' share rose, says Christian.

A similar interest rate trend recently has again removed the differential. This has led the League to estimate mortgage money shortfalls of \$17 billion for 1980.

Test. Most analysts believe 1981 will provide a solid test of how well the thrifts can be a source of home mortgages without their quarter-point differential.

By then, they will have new authority to make consumer loans, to offer the equivalent of checking accounts, and to offer other services beyond the traditional savings accounts and mortgage loans.

Here's the theory behind this diversification: By expanding their services, the thrifts will be able to do a better job of attracting depositors, thus gaining more funds to lend. Mortgage lending could also be expanded when S&Ls can package mortgages and then sell the packages to raise cash—a new power—rather than holding the mortgages in their own portfolios, as they do now.

Says Bank Board Chairman Jay Janis: "Our studies show that over time, the thrifts' total flow of funds will increase as a result of the new activities."

Janis adds that this increased flow will put more funds directly into the

mortgage market. But during the transition time, waiting for the new funds is painful for the thrifts—and even more so for the homebuilders.

Although there were healthy savings inflows in May—\$1.2 billion—withdrawals again began to exceed deposits the next month. A net outflow of \$200 million in June was followed by a meager \$1 billion inflow for July—the smallest for that month since 1974.

The funds-flow problem from May until July underscored the thrifts' complaint about the disappearing differential. S&Ls have enjoyed a quarter-point advantage over commercial banks since World War II, and still do. But the MMCs—with much higher rates—have been the mainstay of housing since they were created two years ago.

Competition. While the differential's absence has hurt S&Ls in their ability to attract funds, the real competitor of the S&Ls is not commercial banks, says Richard G. Marcis, the Bank Board's chief economist.

It's those institutions having no deposit rate controls—mainly money market funds. Marcis points out that now, only about half the savings deposits held by consumers are in accounts or instruments where thrifts have a quarter-point advantage. Five years ago, close to 97% were.

The thrifts had hoped they could get new powers to make consumer loans and invest in assets before losing their differential. Federal regulators, while not taking the differential away all at once, seem to have removed it where it counts.

And despite pleas from the thrift industry, Congress is showing no signs that it intends to overrule the regulators' actions.

—G. DAVID WALLACE
McGraw-Hill World News, Washington

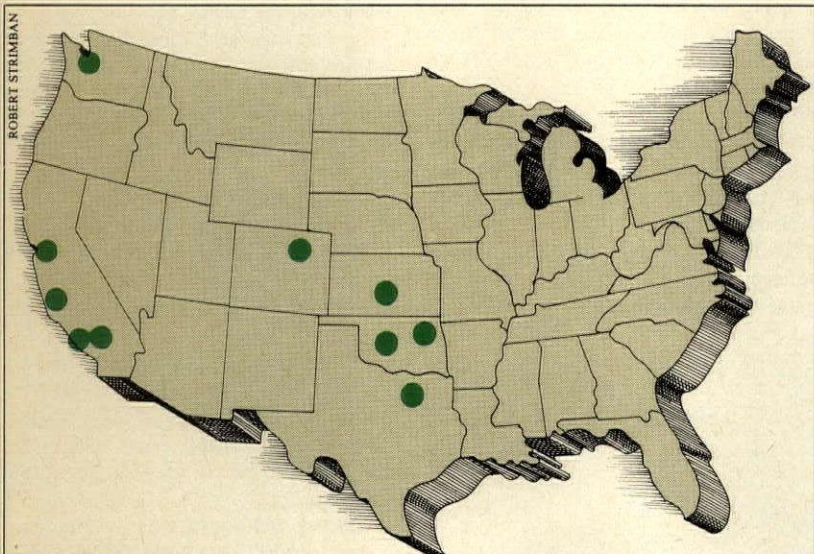
Bank Board: lets S&Ls sell stock

S&Ls could have more money to lend after October, under new regulations proposed by the Federal Home Loan Bank Board.

The Board has proposed letting the thrifts expand their lending base by selling mutual capital certificates, which are the rough equivalents of preferred stock for a corporation.

The regulations—implementing the Depository Institutions Deregulation and Monetary Control Act of 1980 [HOUSING, June], would permit the thrifts to use the certificates to satisfy

Turn to page 8



Housing Demand Index's best bets

This quarter's Housing Demand Index spotlights these ten large markets as the lowest-risk markets for builders: Los Angeles; Orange County; San Jose; Fresno; Seattle; Denver; Oklahoma City; Tulsa; Dallas-Fort Worth; and Wichita.

Only two of these—San Jose and Oklahoma City—are good bets because of a strong and growing economy. The rest are supported mainly by pent-up demand.

Want more information? The Index begins on page 59.

Survey: commercial lending is tight

The unstable economy has major lenders admittedly confused, and they hesitate to predict where mortgage rates are headed, reports Citicorp Real Estate Inc., in its monthly survey of benchmark commercial rates.

As a result, rates are climbing again, funds are tight, and strict terms reflect lenders' caution:

- Commercial rates rose one point in August and were 12½% or higher by the end of the month.

- No money is being loaned for income-property mortgages—with rare exceptions—before the second half of 1981, even though lenders report ample funds on hand.

- Lenders are asking participations amounting to from 10% to 25% of future rent increases—but most developers are refusing.

- When participations are given, lenders will typically yield half a percentage point on the mortgage rate, and will yield a full point when taking an equity position of 50%.

(For more information on lender participations, see "Joint ventures: The boom that's reshaping the industry," [HOUSING, Aug.].)

Apartments. The survey reports that funds are drying up again in the apartment market, and few national lenders are lending. When they do, their rates are so high that developers aren't interested.

One solution to the difficult permanent financing situation some developers have found is to build without it, using short-term loans instead.

In some parts of the country, the only pending commercial loans are tax-exempt mortgages—on projects approved by a local Economic Development Corp. These loans typically bear a rate about 3% under market.

Nearly all income mortgages have five-year call provisions, says the sur-

vey. Some developers with prime projects negotiated 10-year calls.

Despite tight conditions, developers who before were waiting for rates to bottom out have now started actively inquiring. Their conclusion: little chance that rates will fall soon.

Rates. Here are some of the Citicorp benchmark rates from the survey. Rates can vary considerably because of location, size, delivery date, credit, and loan-to-value ratio.

- New apartments: 13—14½%.

- Medium-sized shopping centers or office-buildings without a major tenant: 12¾%—14%.

- Medium-sized shopping centers or office buildings, leased to a credit-worthy major tenant: 12½%—13%.

- Tax-exempt mortgages: 9¾%—11%. □

Credit bias found against...men?

After all the charges you hear about unfair credit practices, the last group you might expect to be affected would be men. But HUD reports just that. In a recent study of mortgage terms in California and New York State, it found: Discrimination against male-only households by mortgage lenders is more pervasive than against any other sex or marital group.

In California, says the study, such households pay higher interest rates and loan fees than any other sex or marital category. In New York, they are more than twice as likely to be denied a mortgage than married male-female households with a non-working woman beyond childbearing age.

Still skeptical? HUD concludes, "Findings do not support allegations of widespread discrimination against female-only applicants." —W.L.U.

Bank board *continued from page 7*

up to 20% of the reserves and net worth required by federal regulators.

Holders of the certificates would have a limited voice in the affairs of the thrifts. But the thrifts affected by the change—the 83% or so which are mutual rather than stock associations—would remain mutuals.

Expanding a thrift's capital base both expands the amount of money it has available for lending and raises the amount it is permitted to lend under federal regulations. Until the new regulations go into effect, the only way a mutual savings and loan association can add to its capital base is through retained earnings. —G.D.W.

Correction to Buyers' Guide

The 1980 Buyers' Guide may have caused some confusion because of an error in the key to Fireplace Manufacturers [HOUSING, Aug., p. 125] Here is the correct key:

- (a) accessories
- (b) built-in
- (e) electric
- (fs) free-standing
- (g) gas
- (ha) heat-circulating/air
- (hh) heat-circulating/hydronic
- (m) mantles
- (w) wood-burning
- (wb) wood-burning stoves
- (z) zero-clearance

Housing starts rose 12% in August to an annualized 1.4 million, and permits rose 8% to 1.33 million, the Commerce Dept. reports. August existing home sales rose 4% to an annualized 3.0 million, according to the National Association of Realtors.

Mortgage rates in the next 15 months will stay where they are or get higher, say the nation's S&L executives in a survey by the U.S. League of Savings Associations. The survey found that 89% of the executives expect rates will be above 12% by year-end, and 28% of them see rates over 13% at that time.

Rent control penalties were endorsed by the House of Representatives in an amendment to the 1980 housing bill, but will have no effect unless adopted by the Senate as well. The amendment would deny rental-assistance funds to communities that set up new rent control programs or impose controls on new housing.

Small shopping centers will boom in this decade, predicts John H. Reininga Jr., a California developer. Writing in *Shopping Centers Today*, he outlines trend away from large regional malls and toward smaller neighborhood centers. Reason: energy and transportation costs, which keep rising.

New homes sales shot up 23% in July, leaving the nation with its lowest inventory of unsold housing in 19 months, the Commerce Department reported. The annual sales rate, seasonally adjusted, was 659,000; standing inventory was 338,000.

New construction put in place declined slightly, Commerce reported. July's annual rate was \$214.3 billion, compared to \$216.3 billion in June.

New contracts were up 2% in July for the second month in a row, reports McGraw-Hill's F.W. Dodge Division. Contracts for residential building increased 20% from June.

Vacancy rates call for a little education, right? At New York City's New Social for Social Research, this one-day course, for \$55, is offered: "Finding and renting an apartment in New York."

U.S. Home Corp. the nation's largest builder, has entered the Seattle market and plans single-family and garden-condo communities, Washington is the 17th state the firm is in; it plans to be in 21 by year-end.



**A name you know in paper
is building
a solid name in wood.**



IP will open two more lumber and plywood mills by 1981 – and double distribution centers by 1985.

We're building strong!

Now you can count on another solid source of top-quality lumber and plywood in the 80's.

International Paper Company!

We are investing over one billion dollars to become one of your major suppliers of lumber and plywood. We're carrying out plans to bring on line a series of strategically located

wood products sawmills and plants: Gurdon, Arkansas in 1979, two new plants in 1981 in New Boston, Texas and Springhill, Louisiana.

1.2 billion sq. feet of plywood

These new mills, plus the purchase of sawmills in Louisiana and Maine in late '79, will give IP the capacity to



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produce 1.2 billion square feet of plywood and more than 900 million board feet of lumber a year by 1982.

Expansion plans beyond 1981

IP is also looking into several other locations for wood products expansion beyond 1981 in the South, Northeast and West.

We will double the number of IP distribution centers in the Sunbelt by 1985. If you're not close to one of these centers now, you may be in the very near future.

IP has the timberland to support our objective: to be a sure source of

supply to the building industry.

We own 7 million acres in the U.S.; 4.8 million of them are in the South (that's nearly half again as much as our nearest competitor there). IP also has timber contracts for one million acres held by other landowners near our facilities.

Two convenient ways to buy

IP offers you top-quality building materials delivered on time and at a competitive price.

You can buy IP building materials two convenient ways:

1. Order direct by phone from our sales offices.

2. Buy wholesale from your nearest IP distribution center.

Here's a promise: we will be there when home building picks up—and it *will*. IP will have the materials you need when you need them!

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Where the candidates stand on housing

The winner of the presidential election will affect the housing industry in many ways, including:

- how he handles the economy.
- how he views subsidy programs.
- how he selects his cabinet.

This article examines five key housing issues and notes where the candidates stand on them, and how they have performed, if applicable.

At press time, President Carter and Ronald Reagan had not announced positions on some issues. In those cases, party platforms or the direction the candidate is leaning is given.

Rep. John B. Anderson (R-Ill.) is the only one of the three to have a detailed housing statement, although as a U.S. Representative he did not make housing an area of specialty.

Here is a look at where the candidates stand on issues that affect your business:

ISSUE: MORTGAGE MONEY

Carter—He firmly supports the Federal Reserve Board's strategy of fighting inflation with high interest rates. Last spring, this led to scarce and expensive mortgage money. The President also supported banking reform legislation which, among other things, phases out the quarter-point differential for S&Ls, and lets them make more non-housing loans.

ROGER SANDLER/BLACK STAR

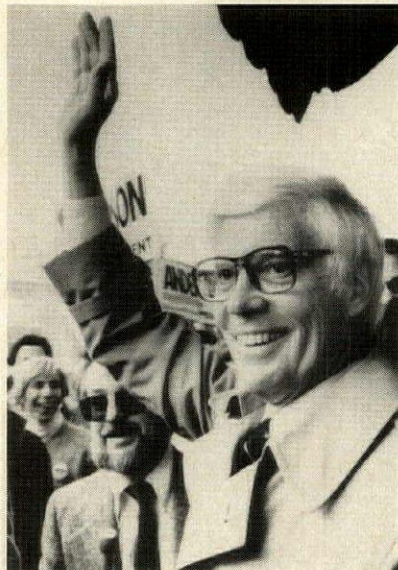


Reagan: credits for mortgage investors, housing savings accounts

Anderson—He decries the Administration's tight-money policy, and proposes instead something Carter has always opposed: a tax-based incomes policy to fight inflation. This would "reward" firms that comply with wage and price guides by giving them a tax break. Anderson also favors increasing the maximum on tax-exempt savings-account interest from its current \$200

for individuals and \$400 for married couples to \$750 for individuals and \$1,500 for married couples.

Reagan—He opposes credit controls, although the Republican platform favors the same sort of monetarism that Carter supports. Reagan may support tax credits for investors in 1-to-4-unit mortgages, and is also considering inflation-indexed, partially tax-exempt pledged housing savings accounts.



RICK FRIEDMAN/BLACK STAR

Anderson: no restrictions on rehab funds, tax-based incomes policy

ISSUE: REVENUE BONDS

Carter—He has attempted—without success—to restrict municipal sales of tax-exempt bonds to make mortgages at below-market interest rates.

Anderson—He supports the reauthorization of the bonds (right now a stalled debate in Congress has left their status murky). He favors "reasonable restrictions" on their use—probably income ceilings.

Reagan—The Republican platform favors "responsible use of mortgage revenue bonds" but Reagan's advisors are divided on this issue.

ISSUE: BROOKE-CRANSTON

Carter—He opposed reactivating the shallow-subsidy program last spring. However, the President did approve a similar program to tap unspent funds Congress had appropriated in earlier years to subsidize new housing.

Anderson—In 1974, he joined fellow Congressman Henry S. Reuss (D-Wis.) in urging the House to pass Brooke-Cranston, which it did. Today, he supports activating the program whenever housing starts fall below a predetermined level, but he opposes its use as a permanent subsidy.

Reagan—He has not yet announced his position, but advisors are leaning

toward supporting emergency use only.

ISSUE: RENOVATION

Carter—He has restructured the Community Development Block Grant (CDBG) program to increase funds for rehab. The Democratic platform seeks "revitalization programs that minimize displacement" of poor people, and also advocates increasing HUD's urban homesteading and rehab efforts.

Anderson—He calls for eliminating "all restrictions on the use of HUD funds on existing housing" for renovation. He also wants HUD to give "technical assistance, identify and donate surplus government-owned buildings, and allow faster depreciation of buildings." He would give federal assistance to apartment dwellers to organize to buy and renovate their buildings.

Reagan—The Republican platform supports expanding these existing programs: urban homesteading, rehabilitation, and preservation.

ISSUE: REGULATION

Carter—He strongly supported the deregulation of S&Ls (see *MORTGAGE MONEY*). The Administration, through HUD Secretary Moon Landrieu, has come out against curbs on condominium conversion.

Anderson—His platform calls for a "review of federal, state and local regulations affecting housing" which it estimates "add 20% to the cost of each new unit." Anderson would drop all HUD regulations that restrict use of funds for rehab.



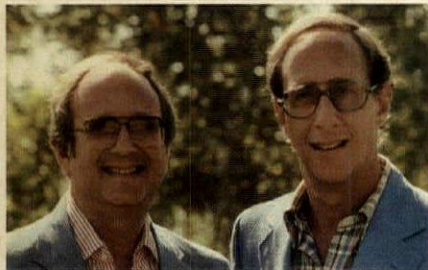
DENNIS BRACK/BLACK STAR

Carter: more CDBG rehab funds, S&L deregulation

Reagan—He would send CDBG funds back to the cities and let them decide how to use them, although this approach seems unlikely to become policy, even if Reagan wins (see story, page 14). He also would have HUD relax rules for manufactured housing.

—DAVID GARFINKEL, TOM READ, and McGraw-Hill World News, Washington

PPG Solarcool® Bronze glass. At Hunters Run, its real beauty is reflected in lower cooling costs.



Benjamin (left) and Leonard Frankel

This is the prestigious new Hunters Run development in Boynton Beach, Florida.

Every single-family home here features PPG's *Solarcool* Bronze reflective glass.

And for good reason, too. Developers Benjamin and Leonard Frankel have found that "*Solarcool's* high performance rating lets us comply with Florida's energy code without sacrificing the aesthetics of large glass areas.

"Furthermore, *Solarcool's* effectiveness in holding down

heat gain means we can offer lower air-conditioning costs to our prospective buyers."

Solarcool actually blocks out twice as much of the sun's heat as clear glass. Which significantly reduces the load on an air-conditioning system.

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PPG: a Concern for the Future



Circle 13 on reader service card

FTC keeps the heat on for truth in lending

The FTC continues its enforcement campaign for the Truth-in-Lending Act (TILA) to make doubly sure that builders follow—to the letter—advertising rules on financing. Here's how:

1. It's conducting an "educational" effort, through its own mailings and through independent programs of trade associations, to let builders know exactly what details must be included in credit ads.

2. It's planning more legal proceedings, like the recent prosecution of Downing Associates in Rhode Island [HOUSING, Sept.], to show it will follow through on violations.

(Downing, without admitting that it ever broke the law, agreed to pay a \$10,000 "civil penalty" and promised to spell out all credit terms in future ads.)

The FTC is, in effect, taking a procedural short cut with its "educational" mailings. By informing companies of the rules about advertising financing—

and of previous successful prosecutions—the agency clears the way for quick federal court proceedings against suspected offenders. Otherwise, enforcement would entail time-consuming intermediate steps.

Familiar. The TILA problems are nothing new. The law was passed in 1968, and in 1977 the FTC conducted a mail alert to goad builders and others into compliance.

That sweep led to the recent Downing Associates case, among others. But a new campaign is underway this year. Since credit terms are now so crucial to selling houses, "there are many home builders who are complying and are being put at a competitive disadvantage," says Lewis H. Goldfarb, FTC assistant director in charge of the credit practices office.

The disadvantage, he says, arises because the complying ads compete against those of developers who use come-ons like "low interest rates" without spelling out the details.

Requirements. Under TILA, any mention of credit terms must include: cash price, down payment required, repayment terms, and the finance charge expressed as an annual percentage rate (APR).

A big problem is that builders often feature the interest rate rather than the APR, which works out to a higher number if points or other charges must be paid, says Goldfarb.

Currently, the campaign is based in New England, the Southeast, the Midwest and the Gulf South. The Commission staff believes that in these areas, incomplete ads are especially common.

Regional offices in those areas have sent out to some 50 advertisers, who may be violating TILA, a packet that explains the law and gives examples of lawful ads.

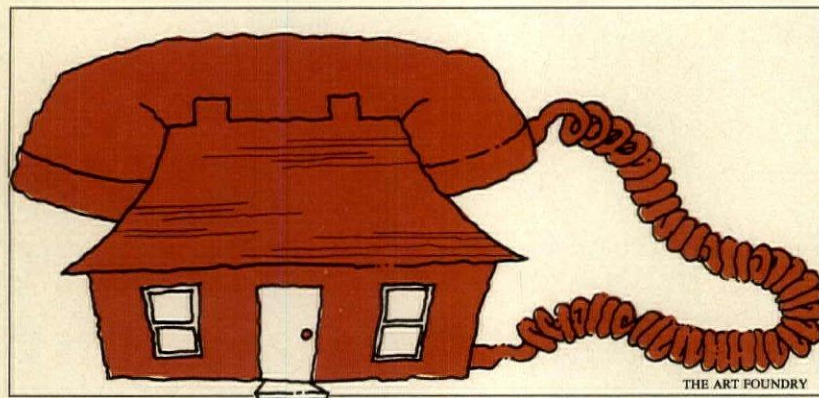
The FTC will keep monitoring the 50 firms' ads, and could take action against those which have not changed to comply with TILA.

No more warnings will be sent at least until the middle of next year, the Commission now promises. It is giving trade associations time to conduct their own educational campaigns on TILA.

Then, the FTC will check on the success of those efforts, and after that will zero in on holdouts who persist in running incomplete—and illegal—ads.

—DANIEL B. MOSKOWITZ

McGraw-Hill World News, Washington



THE ART FOUNDRY

HUD ponders a consumer hot line

A HUD area office may test a toll-free hot line for consumer complaints and questions next year as a step toward deciding whether a nationwide hot line should be set up.

HUD's Office of Consumer Affairs wants to test the idea for six months. It hasn't yet gotten an okay from top officials. One possible snag: finding sufficiently knowledgeable people for the job.

There's already a "fair housing hot line" at HUD, which has been in operation for five years and is considered effective by the agency. It was set up for discrimination complaints.

However, says Laurette Dixon, who handles the 30 to 35 daily calls, discrimination complaints account for

only one-fifth of the calls received.

Most calls concern landlord-tenant problems, and most of these have nothing to do with HUD. The next largest group of calls concerns FHA mortgage insurance and other programs that HUD administers.

HUD also receives thousands of complaints yearly by phone and letter, many of which are about problems at public housing projects.

Mrs. Dixon refers discrimination complaints to investigators, and others to an appropriate official for the problem. She favors an all-purpose hot line "to enable people to get into the federal bureaucracy without having to pay their own money for a phone call," she says.

GOP proposals to change block grants unlikely to succeed

Community Development Block Grants (CDBG) are a Republican invention, pushed through a Democratic Congress by a GOP administration in 1974. Today, Ronald Reagan and other Republicans want to consolidate many subsidy programs into a decentralized CDBG program.

And although HUD has a congressional mandate to study that proposal and report on it no later than March 31, 1980, the conventional wisdom in Washington is that such a consolidation just isn't in the cards—no matter who is elected president.

Republican Senators Jake Garn (Utah) and John H. Heinz (Pa.) sponsored the directive, which was inserted in the housing authorization bill.

The original \$3.5 billion CDBG program in 1974 replaced urban renewal and half a dozen other programs. The new Republican proposal would have \$5.5 billion in other housing subsidies redirected into a new CDBG program allowing broad local discretion.

Another proposal, from within HUD, would let localities use CDBG funds directly for low-income housing construction, but top officials oppose it, saying it is ineffective.

The multi-benefits of masonry for multi-family construction.

If you want your next building to be your best, consider the best building system for multi-family construction—masonry. Whether it's a high-rise, low-rise, or townhouse development, you can count on the multi-benefits of masonry to multiply your sales and profits.

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LOW MAINTENANCE: Masonry buildings have low maintenance costs, never need painting and virtually no repairing.

ECONOMY: Masonry buildings go up fast so they can be occupied fast—an initial economy that is matched by long-term cost savings on energy and maintenance. And because the value of masonry buildings lasts, they're as profitable to resell as they are economical to own.

PEACE OF MIND: Fire walls built of masonry won't burn and can keep flames and smoke from spreading from one unit to the next. Solid masonry walls provide excellent sound control as well as fire protection.

AESTHETICS: Masonry comes in thousands of colors, textures, shapes and sizes that enhance the visual appeal of a building. Brick, block, tile, terrazzo and stone create warm, inviting interiors and striking exteriors that harmonize gracefully with any environment.

CRAFTSMANSHIP: Masons are craftsmen. Every building they construct reflects their skill, dedication and pride in their craft. In an age where convenience often takes precedence over quality, masonry construction is an unparalleled combination of expert craftsmanship and the best materials ever devised for building.

If you'd like to know more about the multi-benefits of masonry for multi-family construction, contact the International Masonry Institute, 823 15th Street, N.W., Washington, D.C. 20005.



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Housing bill: now it's up to the conferees

Congress must first iron out a few wrinkles before it can send a housing authorization bill to the President.

A conference committee will have to forge a compromise out of the differing House and Senate versions. Each bill gives HUD about \$12 billion in spending authority for fiscal year 1981, which began October 1. A compromise was not expected by that date, but a continuing resolution to keep HUD programs operating was likely if the Oct. 1 deadline was not met.

Most of the \$12 billion in appropriations continues subsidy programs which supplement the rent or mortgage payments of people occupying about three million housing units.

But conferees will also decide on two new programs:

- A subsidy for 80,000 to 100,000 mortgages on new houses, to a top of \$60,000.

- A subsidy for construction of about 40,000 units for middle-income renters.

Possibilities. Also up for consideration under the bill:

- A proposal to set federal standards for condominium conversions.

- A measure to let expire the Home Mortgage Disclosure Act, a law intended to combat redlining.

- A flexible, regional method of determining FHA ceilings.

- An increase in the authority of the HUD secretary over FNMA's new home improvement loan program.

Controversy has accompanied the middle-income rent subsidy program. It was flatly rejected by the Senate, which adopted a Republican-backed amendment that put back in the bill \$2.4 billion for 255,000 subsidized units for lower-income families. Of those, 60% would be newly constructed.

The House adopted a Republican-sponsored amendment that bans rental subsidies from about 200 cities with rent control. In debate, Rep. Chalmers P. Wylie (R-Ohio) pointed out that, under the program—in high-cost cities like New York and Washington—rent would be subsidized for families with incomes above \$40,000.

But backers argued that with less subsidy per unit—since higher income families would pay a greater percentage of the total monthly cost—a total of 286,000 middle-income units could be financed at the same cost to the Treasury as 255,000 lower-income units under existing law.

FHA raise. In the Senate bill, the maximum single-family mortgage insurable rises to 95% of the median area home sales price.

Says one lobbyist: "This would open California for FHA insurance for the first time in years." Many houses have been ruled out for FHA mortgages by the present \$67,500 ceiling.

The House version simply ups the ceiling to \$75,000.

Both bills budget \$675 million next year for the Urban Development Block Grant program. An amendment in the House version, backed by building interests, would require a ruling within 90 days in historic areas, on whether a building or a neighborhood is of historic importance.

Preservationists have successfully delayed builders for much longer periods—or stopped them altogether—in neighborhoods designated as historic. Present law requires comment from the Advisory Commission on Historic Preservation in Washington before

new work can proceed in such areas.

On the much-debated Building Energy Performance Standards (BEPS), both bills delay the final effective date.

The Senate version extends the date for promulgation until August, 1982, from its original August, 1980 date.

The House version, which the NAHB prefers, would have HUD require interim regulations by Aug. 31, 1981, to be applicable only to newly constructed federal buildings.

Federal officials would then be requested to conduct a demonstration program in different regions of the country for at least 12 months, and submit final standards to Congress in April, 1983.

But if and when BEPS are adopted, "they will not automatically apply to or replace HUD Minimum Property Standards (MPS)," says Housing Subcommittee Chairman Thomas L. Ashley (D-Ohio). —DONALD O. LOOMIS

McGraw-Hill World News, Washington

IRS inquiry freezes note sales

Without taking formal action, the Treasury has snuffed out sales of tax-exempt public housing notes and bonds—at least \$390 million worth, around the country.

At issue is the legality of the carefully designed—but questionable—bond-and-note packages, which are used to cut the cost of financing housing projects.

Typically, local agencies sell short-term notes and longer-term bonds for twice the cost of construction. Notes pay for construction costs, and bonds are invested in federal securities. Proceeds from these are used to redeem the notes.

Bond-issuing agencies in Massachusetts, Louisiana and New York all

cancelled sales of bonds in mid-August after the IRS stated objections to the practice and said it was "studying" the issue.

The problem, other than possible violations of federal anti-arbitrage regulations, is that the more tax-free packages sold, the more tax revenues the Treasury loses.

Bond-issuing financial houses in New York and other banking centers typically check with Treasury officials on sales of such bonds. Unless the IRS response is unequivocal, there is a question of whether the interest payment to bond-holders are tax-free. This alone is enough to block the sale. Until the answer is decided, bond sales may stay in limbo. —D.O.L.

Revitalization plan: housing left out

President Carter's new plan to "revitalize the economy" contains nothing to help the housing industry directly—either out of its current slump or in the long run.

Of course, to the extent that the Carter program might succeed in producing a healthier, less inflationary economy, housing would benefit along with other sectors of the general economic picture.

However, builders would be helped by the administration's tax proposals, which include a new accelerated depreciation scheme that would allow a faster write-off for capital investment than is currently allowed.

Although some details of the depreciation plan need to be worked out, a Treasury Department official says he does not believe that the new depreciation treatment would apply to residential property. However, it would affect schedules for equipment and commercial buildings.

Other proposals that might indirectly help the housing industry:

- Improvements in the investment tax credit.

- New tax breaks for small business owners.

- An 8% credit against social security payroll taxes paid by both employers and employees. □

DEPENDABLE

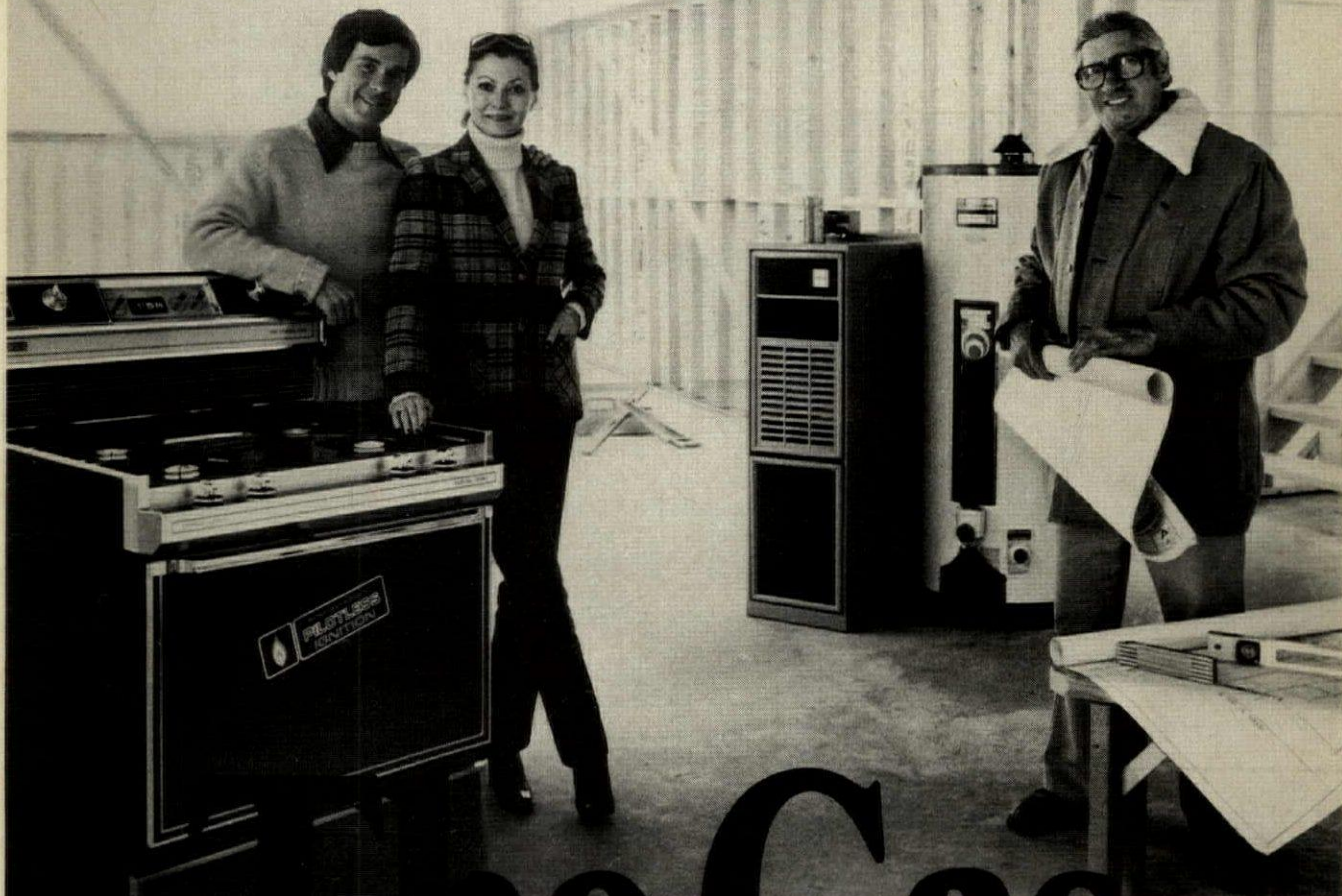
You and your buyers can count on gas. America's deposits underground, plus new technologies, could supply gas for centuries. With the future so positive, gas utilities across the country are now accepting new gas customers.

ECONOMICAL

Gas is the least expensive energy for your buyers to have. New gas heating systems and appliances can save them even more. With Energy Savings Payback. That's the money they'll save in lifetime operating costs with efficient new gas units, compared to less efficient models. It really adds up!

SALEABLE

By providing a home that will cost the least to operate, you're in tune with the times and greatly increase your chances of selling. And with less money required to meet utility expenses, homebuyers will have a greater amount of disposable income to help them qualify for home mortgages.



The Gas Advantage.

Gas: The future belongs to the efficient.

AMERICAN GAS ASSOCIATION

A sectional finds a home in a fancy suburb...

Can low-cost, factory-built houses pass muster in expensive neighborhoods?

Last winter's southern California mudslides gave Lancer Homes, Inc. of Corona, Calif., a unique opportunity to find out. And, to the surprise and delight of everyone involved, a Lancer home now stands in a Laguna Beach neighborhood where lots alone average \$140,000.

The owners paid \$55,000 for the house, including site preparation and installation. For that they got a 1,288 sq.-ft. three-bedroom, two-bath sectional. Options also included: a wood-burning fireplace and a two-car garage.

Loan program. Price was particularly important, for the Small Business Administration had offered displaced homeowners loans to rebuild. Terms: up to \$50,000 at 3% interest, with no points. While a sure bargain, these loans were inadequate for most homeowners, who had continuing obligations to pay off mortgages that the floods had not washed away with their homes.

Luckier were Bruce and Denny Gregory. As the third generation to live in their now-destroyed Bluebird Canyon house, they owned the lot free and clear. The only wrinkle: finding a way to rebuild their home for close to the \$50,000 limit.

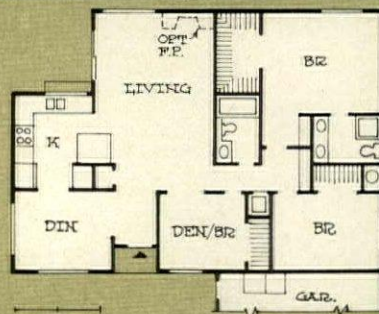
Stick-built homes—at \$60 to \$70 per sq. ft.—were out of the question. A neighbor referred them to Lancer, which had a model to fit their lot and their budget.

Lancer's per-sq.-ft. cost in the factory is about \$20, says marketing exec Jerry Hill. The Gregorlys' house cost about \$27,000; an additional \$28,000 was spent on site preparation laying the foundation, delivering the house, lifting it onto the foundation by crane, and finishing it. Total: \$55,000.

Timing. The Gregorlys placed their order on July 3 and moved in August 25. A two-week strike at the Lancer factory held things up; Hill says the fastest order-to-delivery time would be seven weeks.

Besides timing and price, Lancer prides itself on design. Says Hill, "Inside and out, these homes look like traditional, stick-built homes."

Design-conscious neighbors of the Gregorlys seem to agree. Bruce Gregory reports that all his aesthetically fussy Laguna Beach neighbors have come to see his new home and "we've



House's second section (above) is dropped into place. It is then secured by clips to the foundation and bolted to the first section. This installation takes about a day, and the house is ready for move-in within a week. The total cost, including optional fireplace and two-car garage: \$55,000.

received nothing but compliments."

Lancer, meanwhile, is planning to expand its factory-built business after its successful venture and a very different—but also successful—one in Watts (see story below). Only three Lancer factory-built homes are currently on sites; until now, the 15-year-old company has been exclusively a

mobile home manufacturer.

However, the firm is developing programs in six California cities, and in one named Twentynine Palms, it's planning a 108-home community. Says Hill, "We anticipate a growing demand—and community acceptance—for this product." —JAN HUNSINGER

Laguna Beach, Calif.

...and another finds a place in the city

Lancer faced different obstacles when it introduced its factory-built homes in Watts, the inner-city black section of Los Angeles that exploded with racial tension in the Sixties.

The problems were as much psychological as financial, says Lancer's Jerry Hill. Business persons of all races tend to shy away from Watts. But both financial and psychological barriers were shattered in August, when Lancer put up a 1,183 sq.-ft. three-bedroom, two-bath home on 71st St. in Watts. The installed cost of the house, with land but excluding profit, was \$43 per sq. ft.

Financing was arranged through a S&L which has been owned by a black family for three generations: Broadway S&L purchased the lot and took the business risk, acting as the builder and developer.

"I had known one of the top managers for many years, and persuaded him to take a chance," says Hill. "He was

as nervous as many of my Orange County industry associates would have been."

Since the construction of the 71st St. home (cost with land: \$52,300), Lancer has taken orders for homes on seven more neighborhood lots, working with individual developers.

And the firm has a contract for a 20-lot program in the nearby—and primarily black—community of Compton. It's a pilot program through the L.A. Housing Authority and HUD. If it's successful, says Hill, similar programs will follow. Lancer is now considering becoming builder-developer as well as manufacturer with its sectional houses. Hill says this is for two reasons: to increase per-unit profits—as manufacturer, it's limited to less than \$2,000 per home—and, to have greater control of the final price. It wants to keep that as low as it can, says Hill, to assure the widest possible market. —J.H.

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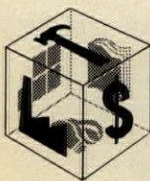
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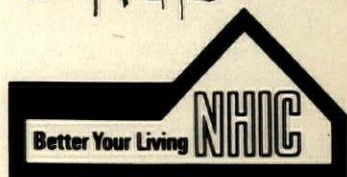
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Survey: third quarter gains will hold up

The August upturn in mortgage rates has ruled out a healthy recovery in 1980. But third-quarter starts will still best the second quarter by 30%. And the year's starts should end up at about 1.2 million.

Those are among the conclusions of "U. S. Housing Markets," Advance Mortgage Corp.'s quarterly market survey.

Advance predicts a generally weak housing industry for the year's remainder, in most types of housing and in most of the country. One bright note: mortgage rates will keep falling amid fluctuations.

Regions. According to Advance, the recovery should be strongest in the South for three reasons: June permits there were within 20% of last year's figures; some Southern builders chalked up record sales in July; and mortgage rates there aren't increasing as fast as elsewhere.

The one standout market is Miami-Fort Lauderdale, where a 5% increase in permits is predicted for the year, thanks in part to cash-laden foreign buyers.

Not so active: Midwestern markets, dependent on the heavy industry that is currently mired in recession. Says

Robert J. Mylod, Advance president: "The spring drop in rates brought no recovery at all in the Detroit, Chicago or Cleveland markets, or in other Midwestern markets. Only isolated segments of these markets show any activity at all."

Northeast activity was only a little stronger. In the South and West, employment growth and in-migration have slowed considerably. Adds Mylod: "This has put a damper on housing demand even in some strong local economies."

Demand. In general, housing activity statistics do not reflect potential demand, which is, says Mylod, "much stronger than these statistics convey." Acute shortages will occur by next spring, especially in the now-dormant South and West.

Other findings:

- Condominiums will come close to last year's level of starts, 173,000 and condos are outselling single-family in almost every market.

- Single-family starts should fall nearly 40%, to about 750,000.

- Unsubsidized rentals are projected to fall more than one-third to 140,000 starts or less. Subsidized rental starts should fall by 15% to 135,000.

One reason the year won't be a total bust is a midyear pickup in sales. As interest rates dropped sharply in June and July, sales shot up. In California, some hot tracts had buyers camping out as in boom times. But this was the exception, not the rule.

The strong sales pickup in June and July stimulated third-quarter starts which should reach an annual rate of 1.3 million, says Advance.

Flip-flop. Mylod blames severe changes in interest rates for harm done. "The whipsawing of the mortgage market has builders and lenders scared to plan for the needs they perceive," he says.

He points to a rise of 3½-4 percentage points, followed by a fall of 4½-5 percentage points—all in seven months. The rate swings, up and down, have hurt both lenders and builders. Even in prosperous markets like Dallas, Houston and Phoenix builders have gone bankrupt this year, says Mylod.

The growing importance of the secondary markets as funders of conventional mortgages has contributed to this instability, says Mylod. Reason: these markets are more volatile than are local lenders.

A shift in Federal Reserve policy—from controlling interest rates to controlling the money supply—has also affected this year's bumpy cycle, Mylod says. But he adds one nugget of good news:

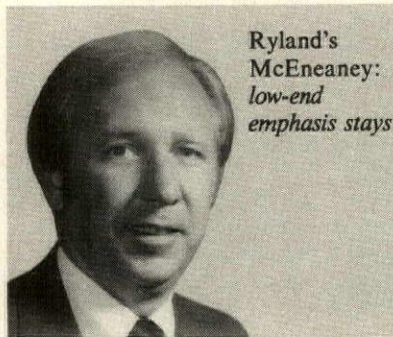
"We think the basic mortgage-rate trend is still downward, and we expect savings flow to rebound—though later and perhaps less strongly than in past recessions. There may be several ups and downs before a bottom of 11-11½% mortgage rates is reached, probably next spring." □

PEOPLE

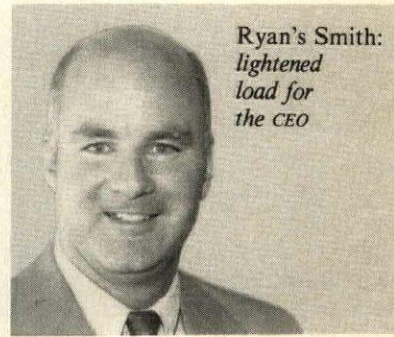
Ryan reshuffle: more time to plot growth

Malcolm M. Prine, chairman, president and CEO of Pittsburgh-based Ryan Homes, plans to devote more of his time to expanding his company's franchising and owner-builder programs and to developing its closed-wall building systems. So he has restructured top management to free him of operations responsibilities.

Steven J. Smith, formerly a senior vice president/operations, was named to the newly created job of executive vice president/operations—responsible for Ryan's 10-state homebuilding activities. Reporting to him are four senior vice presidents who manage specific regions. Two of the senior VPs are new: Arthur L. Titus and John D. Napolitan. Continuing as senior VPs are: Edward J. Waddell and Donald A. Thorson.



Ryland's McEneaney: low-end emphasis stays



Ryan's Smith: lightened load for the CEO

New president up from ranks at Ryland

The new president of Ryland Group Inc., is James F. McEneaney. He expects to lead the company strongly into the townhouse market, and into more sales of basic housing with upgrade options.

McEneaney comes to company headquarters at Columbia, Md. from Ryland's midwest area. While in the midwest he served as president and chief operations officer, marketing vice president and division manager.

McEneaney's latest promotion was announced by James P. Ryan, chairman and CEO of Ryland.

BUILDERS/DEVELOPERS: Alan J. Greenberg joins Upland (Calif.) based Inco Homes as partner, vice president and chief financial officer.

At Ponderosa Homes (Irvine, Calif.), John I. Jepsen comes aboard as vice president and general counsel. He was legal counsel for Kacor's Rancho California Division. □

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Visionary Paolo Soleri: Building a city in the Arizona desert



CHARLES ORESKI

It's mixed-use carried to the ultimate. And, amazingly enough, it makes a virtue out of crowding.

Arcosanti—the dream city of architect Paolo Soleri—will cover 14 acres and house 5,000 people. But most of it will be located in one huge steel, concrete and plastic-membrane building that will rise 25 stories—nearly 300 feet—above a barren mesa, some 70 miles north of Phoenix.

Essential services, such as food and repair shops, will be on the lower floors. Health clinics, care centers and an infirmary will be scattered throughout the upper floors.

In Soleri's city, an apartment serves as an office and entertainment center as well as a home, since it will have much more flexible space use than do today's homes. It also serves as a health care facility, for in theory no doctor will be more than eight minutes away. Thus hospitals will be used only for emergency care and surgery.

Laboratory. Soleri sees his futuristic city as an urban laboratory that will yield solutions to future housing problems. Crowding, for example, "leads to good things," he says. "In Arcosanti, people will become more social and their culture will explode."

He contrasts this with nearby Phoenix which is "scattered, broken down, segregationally wasteful—not a very good place to develop society."

Energy. The south face of Soleri's massive building: a five-acre green-

house where food will be grown year-round. Solar technology will be used for space and water heating and for other energy needs as well.

Another energy saver: In-city transportation will be mostly elevators and escalators. However, cars will be available for travel outside, according to Soleri's plan. "If you remove the automobile from the city, you are making a great gift to society," he says.

Cost. Financing has been a thorn in the visionary Soleri's side. For a while, a pending government grant looked promising. Then a federal reshuffle wrapped the application in red tape.

Soleri has spent \$2 million on Arcosanti, raising the money through sales of ceramic and bronze windbells (produced in Arcosanti), donations and lecture and tuition fees.

Students have done much of the work on the satellite buildings keeping costs down, Soleri estimates, to about \$30 a sq.-ft.

But when the construction begins on the main building, skilled tradesmen will be needed. "We originally came up with a figure of \$200 million," he says. "But that was years ago, and our timetable for building is over the next 10 years. And who knows what the costs might be by then."

Some details—like floorplans of mainbuilding units—have still to be determined. Such specifics are developed as needed on the satellite structures, a number of which have been

completed or are underway. These buildings, (see illustration below), are set at the base of what will be the main city building. The overall design of the tall, angular building has been established, however. (See below.)

And already built, besides the satellites, are: a visitors' center and restaurant, a ceramics workshop, a foundry, a swimming pool, quarters for the apprentices and workshop participants, and the archways that will be the gateway to the city.

Reactions. Builders and lenders in the vicinity have mixed reactions. Some think Arcosanti is too far ahead of its time, as does this loan officer: "I'm not sure it would be the best kind of living for most of us. Come back in 100 years, and it may sell."

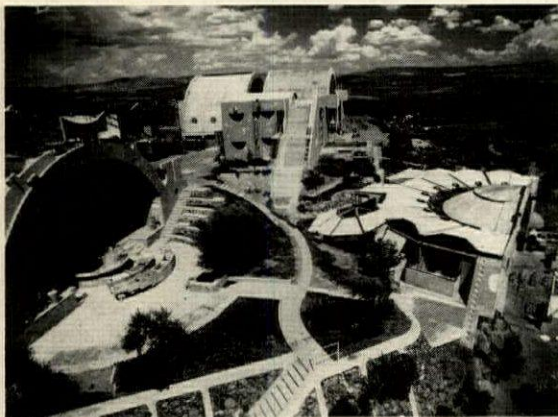
And a spokesman for the Home Builders Assn. of Central Arizona says, "Strictly unconventional. There's no proven market for it."

But some support Soleri's efforts. One banker says, "We need abstract thinkers if we're going to get any progress at all. Lifestyles are changing; in time, financing for this kind of project will come more easily, as people come to understand and accept it."

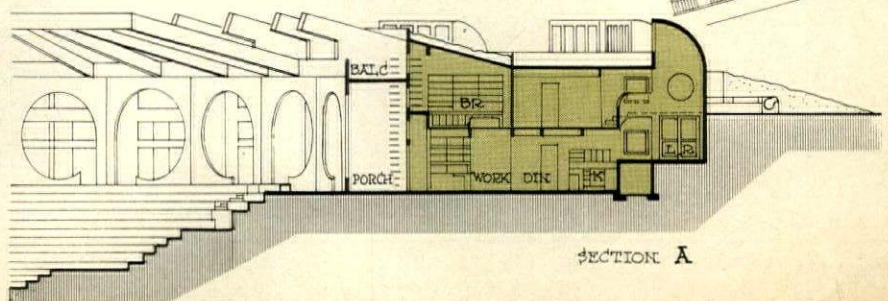
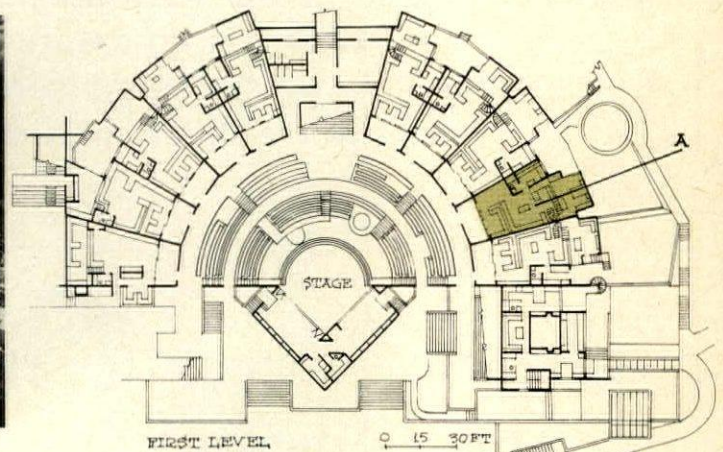
A major builder and developer notes, "A few years ago, townhouses were new, and sold slowly. Now, we can't keep up with the demand. So Soleri's ideas could likewise become the rage."

—FRANK GIANELLI

McGraw-Hill World News, Phoenix



Aerial view (above) of Paolo Soleri's thus far uncompleted Arcosanti. Right, a floor plan and cross section of the East Crescent unit, presently under construction. In the center is an amphitheatre; filling out the circumference of the structure are apartments.



Court rules against restrictions on exclusive resale brokers

You can't make buyers resell through one broker exclusively. So rules the Connecticut Supreme Court, in striking down a covenant to that effect in a New Milford subdivision.

The reason: The arrangement violates state antitrust laws. But as the decision is based on federal court rulings, similar restrictions in other states probably would not stand up.

The case, brought by the state attorney general, involved Dean Heights, a 64-lot development in New Milford. Fourteen years ago, the owner added the covenant limiting the right of homeowners to pick their broker.

In 1979, Bren Construction Co., Inc., assigned to Hassan-Maxwell, Inc., the authority to make sales. Two years later, the broker threatened to stop the attempts of a homeowner to sell her house through another agent.

Illegal. It is usually against the law, explains Chief Justice John P. Cotter, for a seller to tie the availability of one item or service to a demand that a second one must be taken as well.

The only exceptions: ties not affecting a significant amount of commerce or situations where the seller has no special market power.

With a probable seven resales in

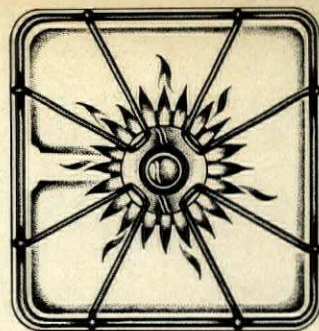
Dean Heights each year, the commissions are clearly "not insubstantial," the justice rules. And since the "uniqueness and special characteristics of a particular plot of land have long been recognized," any realty seller has special market power, since no other seller can offer something exactly the same, Cotter writes.

Liable. In another case, it was found that a builder who does not live up to the strictures of the Truth-in-Lending Act can be haunted by the violation—even after the customer has died (*see related story, page 16*).

The U.S. Court of Appeals in New Orleans rules that a district court judge was wrong in throwing out a move by the heirs of a homeowner to cancel a home improvement contract he had signed and get returned all the payments made under it.

The contract had already been paid off. But when the statements for individual installments were added up, they totalled more than 40% more than the cost originally stated in the contract.

Court actions to right individual wrongs can continue beyond the life of the customer in question, the court rules. —D.B.M.



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MARKETING

Gas prices don't discourage detached-home shoppers

Many homeshoppers still yearn for a single-family home well removed from the bright lights of the big city. And even \$2.00-a-gallon gasoline doesn't dim that desire.

That's one conclusion drawn from a survey of 1,231 homeshoppers in six L.A.-area counties. The survey, which was sponsored by the Southern California Building Industry Association, included questions designed to discover whether homeshoppers will be altering their moving patterns as gasoline becomes more costly. Here are some of the answers:

- Less than half the shoppers—46%—said gas prices influenced their decision about the area in which they were looking for a new home.

- Shoppers in outlying counties, such as Riverside—and family shoppers—were less likely to take gas prices into account—only about 40% said they were a factor.

- Of those to whom gas prices did

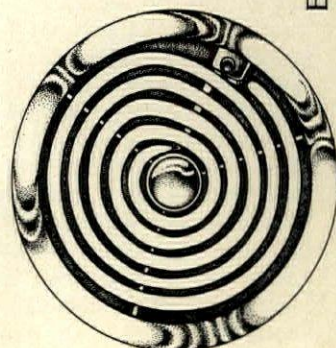
make a difference, barely half—53%—said they were looking for a new home closer to work.

Single-family faithful. Shoppers were asked to choose among these alternatives: a detached home an hour's drive from the principal wage-earner's place of employment; a townhouse 30 minutes away; a midrise condo 15 minutes away; or a high-rise within walking distance of work. They were told that price, square footage and amenities would be the same for each type of residence. The results: 66% picked the detached home and 60 minutes of driving twice a day.

What's more, few of those commuters would change their minds if gas prices hit \$1.50. Ninety percent of the single-family seekers said they'd still commute for the detached home.

And 85% would still drive an hour to work if gas prices hit \$2.00.

Most likely to compromise: childless households. —B.B.G.





At the top of the market, orchestra musicians (photo below) performed for guests at fund-raiser/opening (left). Groups of musicians played indoors and out.



In the middle of the market, guests roamed through model homes (photo left) where works by local artists were on display (below).



THE ARTS-AND-CULTURE SELL: Billing the builder as patron of the arts

The arts have arrived "on-site," and builders, buyers and art buffs are all applauding.

In the past year, two project openings in Arizona have been staged as cultural events: one as a fund-raiser for a symphony orchestra, the other as an exhibition for local artists. Results: unusually large turnouts, good sales and enhanced reputations in the community for sponsoring builders.

Prelude to sales. The first opening—held last fall—was for Tierra Feliz IV, in Scottsdale (see photos above, top). The luxury project was aimed at high-income families and empty-nesters, a group traditionally interested in supporting the arts (for tax and investment purposes as well as aesthetics). So the idea of a reception—to be held on-site—to raise funds for a struggling local orchestra seemed sure-fire.

Though guests were charged \$1 apiece to attend, builder Von Dix, of Dix Custom Homes, footed the entire bill for preparations and refreshments. Thus, all funds collected went straight to the orchestra. And Dix incurred an additional large expense: He matched each dollar raised (about \$2,000) with one of his own.

But the investment paid off in the

size of the crowd (over 2,000) and, more specifically, sales: 51 units (over \$8 million) in just 60 days.

Different strokes. The second opening—held last spring—was for Meadow Green, a middle-income project built by Bellamah Homes in Mesa (see photos above, bottom). Here, works by outstanding local painters and sculptors were put on display in model homes in a ten-day exhibition.

A local artists' league selected all works for the show; pieces chosen were also put on sale. Bellamah, on its end, agreed to act as art merchant, handling all art purchases for the league.

Total turnout: 1,000. Sales: five units in two months.

Says marketing consultant Betty Jane Bay, Stricklan Communications & Marketing Inc., "If the exhibition had been held any other time than the low point of a recession, there would have been several times the turnout and a lot more sales." (According to Bay, who also organized the Scottsdale event, sales have picked up considerably since the spring.)

Matters of technique. The marketers' decision to work with artistic organizations based in the community also had a practical side: It provided them with mailing lists and extra man-

power needed to bring out the crowds.

For both openings, mailing lists from the artistic groups were used in sending out invitations. And, in the case of the fund-raiser, a local civic group that supports the orchestra made phone calls to people in the community, asking them to attend. "In effect," says Dix, "they gave us a lot of free advertising."

On native ground. Although music was the bill-of-fare for the high-income project's opening, and fine arts for the middle-income event, the choice of art form had little to do with buyers' wealth. Rather, it was a question of what was best-known and popular in the region.

Scottsdale takes great pride in its orchestra—one of the few in the state—and Mesa is famous for its many resident artists. So, in each locale, the marketers selected the art form with the highest profile, appealing as much to civic pride as to taste.

Thus, the builders' gains were in good will in the community as well as in sales: Dix, for example, was named Scottsdale's "Music Man of the Year." Adds Bay, "The key to any builders long-term success is the reputation he manages to achieve in the community." —STEPHEN LEVIN

This design capitalizes on an ocean view

It does it two ways: by fitting two luxury units—both facing the ocean—into three floors; and by providing an unusual amount of deck space.

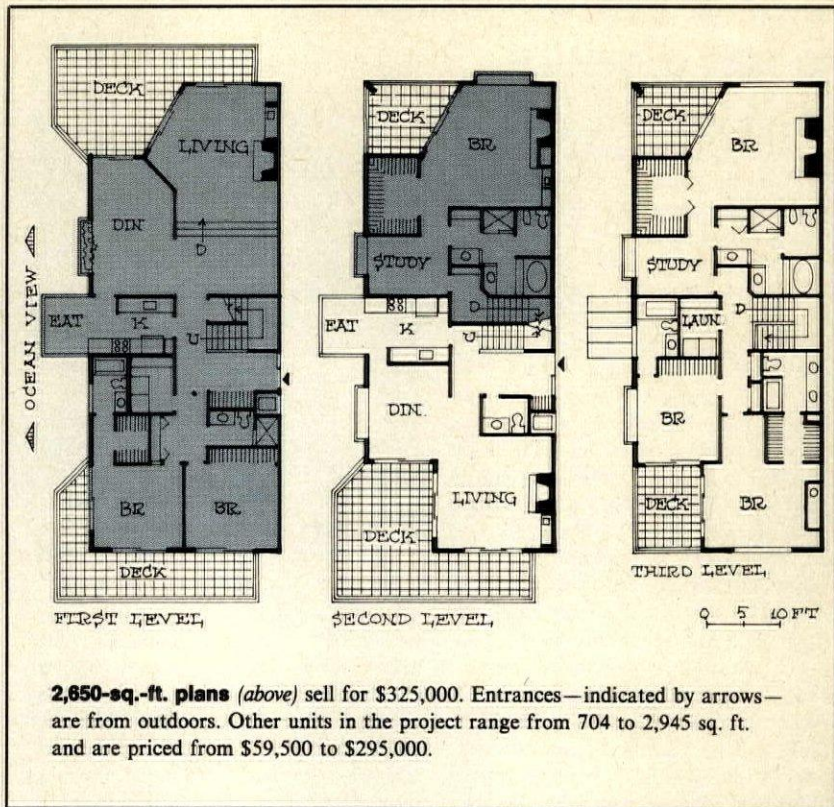
The two-level plans shown at right are from Spinnaker's Reach, a condominium project in Ponte Vedra Beach, Fla. They're used for those end units with a direct ocean view.

Here's how the plans work:

Space on the middle floor of the building is split, with half devoted to the master bedroom of one unit and half to the living room, dining room and kitchen of the other. Result: two 2-level units with main living areas facing the view rather than the more typical two-level unit plus a flat.

"We took advantage of the ocean-front site by fitting more of our most luxurious units into a limited amount of space," says Paul Schwartz, of the San Francisco architectural firm of Don Sandy and James Babcock.

The project—being built by Arvida Corp.—is aimed at well-to-do empty nesters and retirees. Though it won't open until winter, 54 of its 58 units have already been sold, including all those with an ocean view. —S.L.



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This old church is now home to ten owners

You might think that the window configuration alone would have discouraged anyone from trying to turn this 19th century Brooklyn, N.Y. church into apartments.

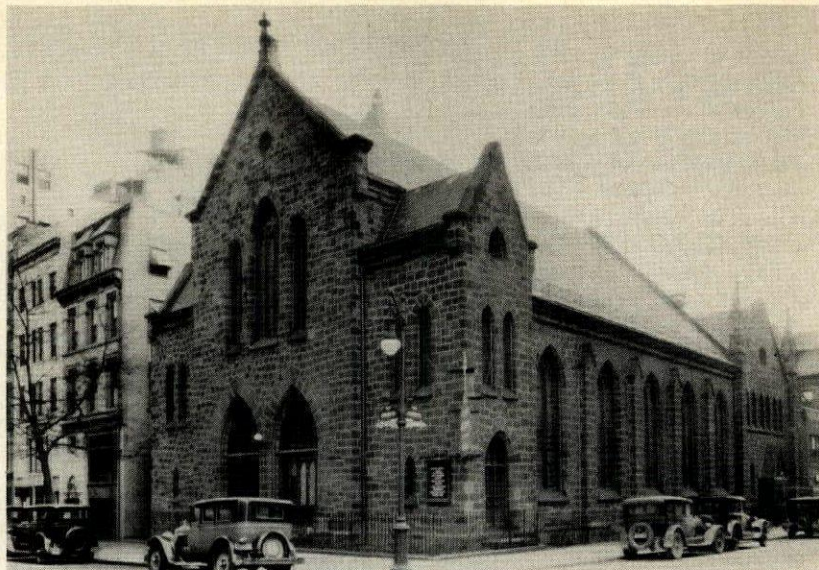
But the building is a local landmark, so there was an even more difficult problem: providing fire exits without altering the church's facade.

Architect Jean Miele of Middle Village, N.Y. solved both problems and created ten cooperative apartments, which he sold at prices ranging from \$108,000 to \$130,000. He also created 5,400 sq. ft. of commercial space which he now leases from the co-op and then subleases at a profit.

Subdividing the space. Getting a substantial number of apartments with proper light and ventilation in the nave of the church was relatively easy: Miele opted for six 2-story units, (1-6 in plans on facing page) each with about 1,200 sq. ft.—a scheme that is typical of recyclings where there is a limited amount of window area in proportion to the interior space.

He also took advantage of former attic space to create two large, open apartments (units 9 and 10, facing page).

The rear portion of the building posed a problem, however. It was a school that had been added to the church, and its windows were set at inconvenient heights (see photo above, far right). The irregular window con-



Gothic-style church in 1930 (above). The 130-year-old church looks the same today, after being recycled into ten cooperative apartments plus commercial space. Project qualified for tax abatement under a local program.

figuration made it impossible to create high-ceilinged two-story units similar to those in the nave. And the alternative solution—stacking flats on top of two-level units with lower ceilings—was also impossible, since there was inadequate light and ventilation.

Miele's solution: two 3-story units, each with 2,400 sq. ft. of space (units 7 and 8 in plans).

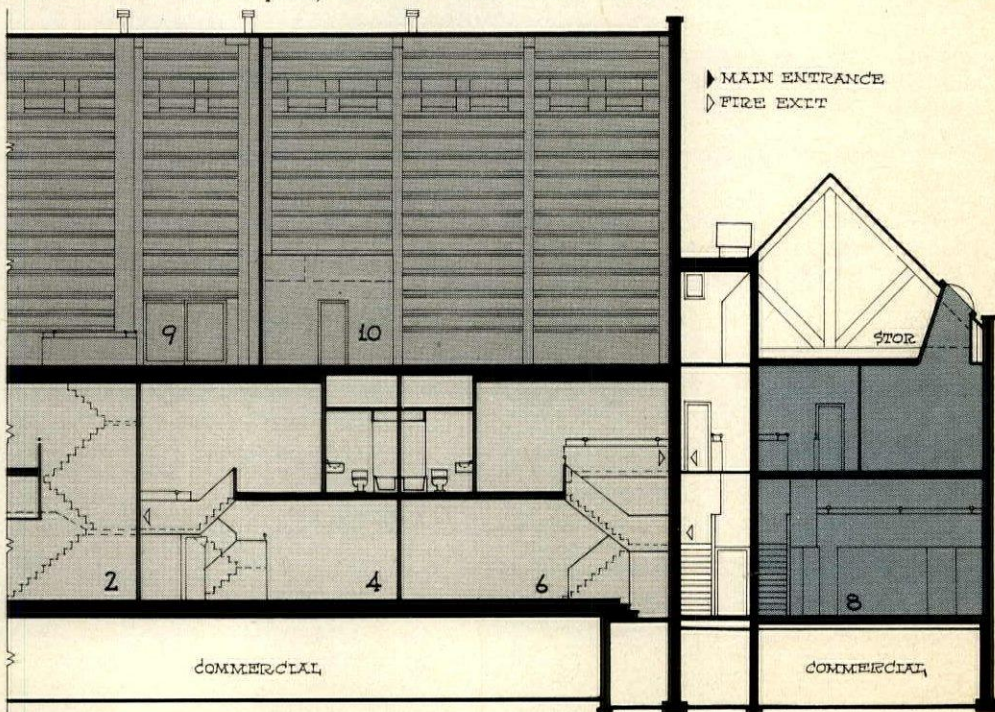
Fire exits. Because of the church's landmark status, Miele could not make any alterations in its facade, and this ruled out the use of conventional fire escapes. He solved this problem by having the central stairways double as fire escapes. Secondary exits (open arrows in plans) in most units lead from

upper levels onto the stairways. Exceptions: units 9 and 10, where connecting balconies hidden in the church roof provide a means of escape (see top plan on facing page).

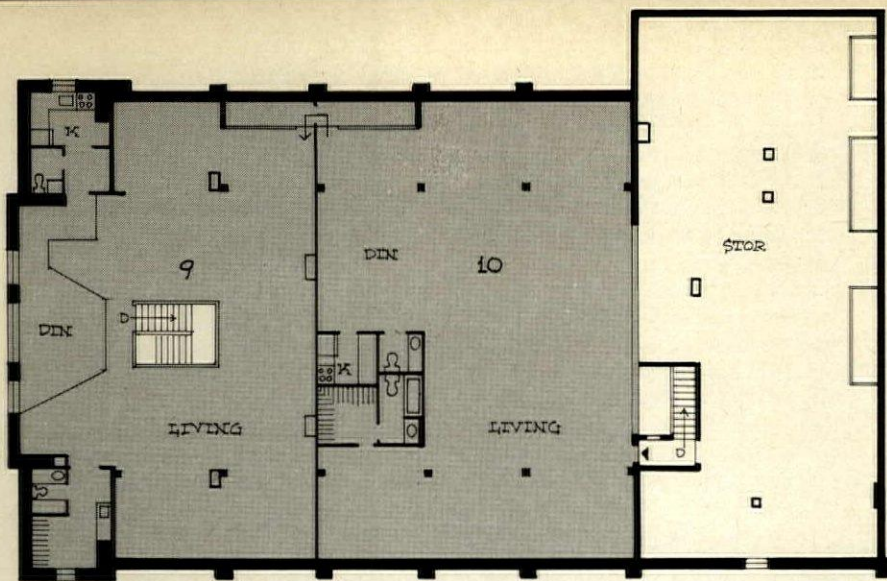
Results. Sales revenue for the ten units came to about \$1.2 million. In addition, the buyers assumed a \$400,000 mortgage. The cost of acquiring and recycling the building was about \$1.3 million. Thus profits penciled out at about \$300,000.

"They would have been even higher if we hadn't come on the market at a time of recession and high interest rates," says Miele. "I'm sure we could have sold the apartments for even more." —S.L.

Section (right) shows how central stairways were made to serve as fire escapes by providing a secondary means of reaching them from each unit—via stairways, bridges or mezzanines (escape routes indicated by arrows).



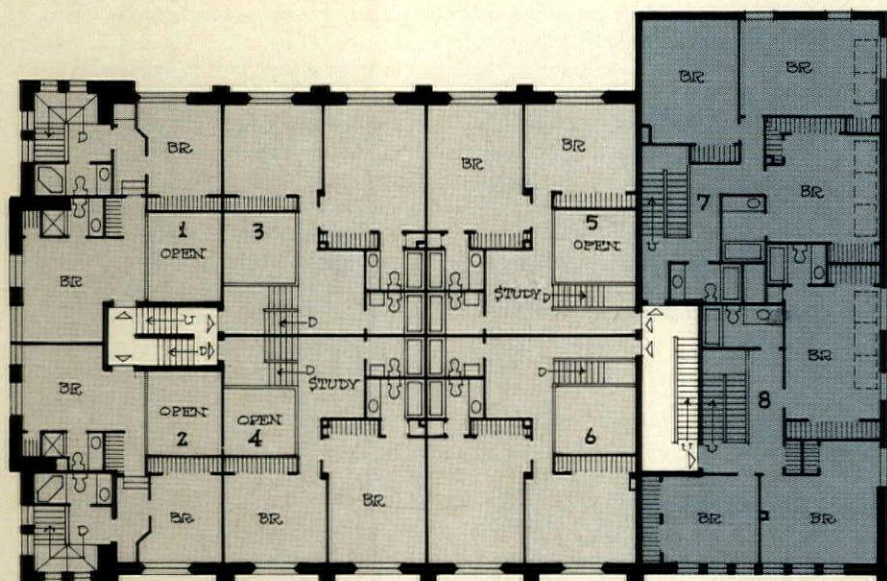
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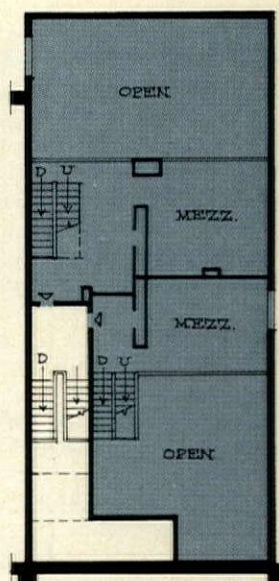
THIRD LEVEL

Top level—which was originally attic space—now consists of two unpartitioned, 2,400-sq.-ft. flats (*dark grey in plans*). Balconies double as fire exits: There are no obstructing walls, so occupants from one unit can cross onto the balcony of the other, then leave the building by the stairwell.

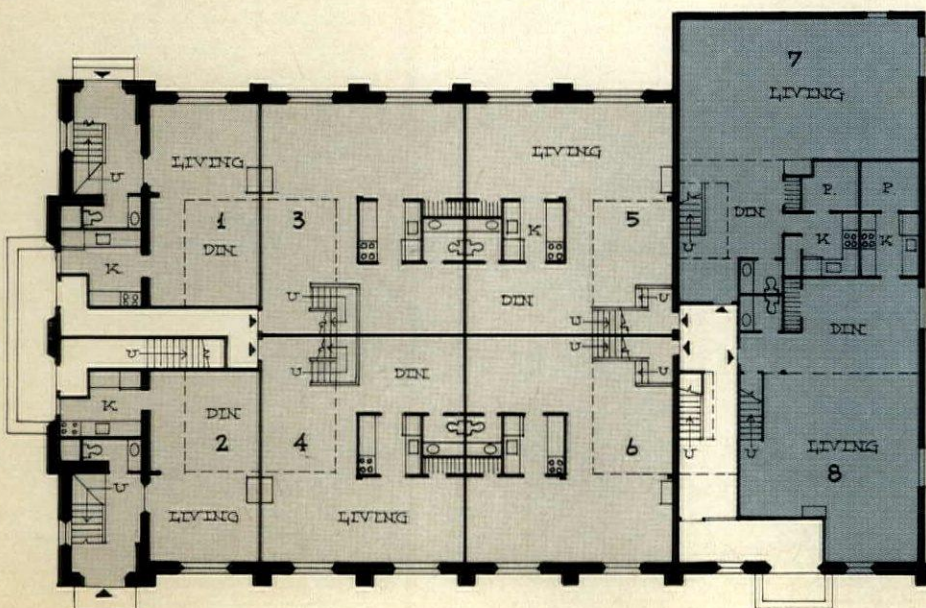
Each unit has unique features. In Unit 9, the dining area is raised, creating an eating alcove. In Unit 10, most of one wall is taken up by a large stained-glass window.



SECOND LEVEL



MEZZANINE



FIRST LEVEL

0 5 10 FT

Lower-levels contain six 2-story units (*light grey in plans*) and two 3-story units (*blue in plans*). Three-story apartments have differing room arrangements because of the need to fit a public hall and stairwell into the building. Since room heights in these units also differ from those in the rest of the building (*see section on facing page*), fire escape bridges in Units 5 and 6 had to be raised two steps. Project builder: Baldwin DiGiovanna, who was also a joint-venture partner. (*For more on joint ventures, see p. 44.*)



CAROLE EICHEN
Carole Eichen Interiors
Fullerton, Calif.

Do's and don'ts for space-stretching interior design

As new homes are built smaller—and just about everyone agrees that they'll have to be—the question becomes: “Will sales appeal suffer?”

It won't if the interior designer compensates for that diminished space in the models by:

- Providing points of impact of such interest that room size becomes almost a secondary consideration.
- Creating an illusion of more space than actually exists.
- Avoiding decorating treatments that visually shrink space.
- Emphasizing double-purpose spaces rather than single-function rooms.

Good interior design stops prospects in their tracks. It leaves them enchanted with the new ideas they see, and yearning to possess that kind of environment themselves.

Of course, the reality of less square footage inevitably comes to light. But if the interior designer can carry the prospect through a model in a highly receptive mood, he has done his job well.

How can that be accomplished? Remember, we're talking about units that not only have less space than prospects are accustomed to, but possibly also fewer features like fireplaces, wet bars, etc. And there may be fewer outdoor attractions visible from indoors, as well.

There are a number of ways to make the smaller model seem larger. But only the professional designer knows how to adapt to the smaller-scale environment without creating overstatements, which prospects can't relate to.

Obviously, each smaller model will present its own specific problems. But there are certain basic decorating techniques that are applicable in any situation.

Color them simple. In recent years it has been popular to embellish white walls with color and texture, with patterns and paneling.

Such treatments will have to be tempered if small rooms are to seem larger.

White is a basic space-stretcher, as are certain high-key colors. My firm was one of the first to recognize the value of single-color motifs: For example, I created “airy” models using backgrounds of yellow with white, green with white and dove-grey with white. Those combinations brought spaciousness, light and vitality to relatively small models in a way that exhilarated visitors.

We'll also have to adjust our thinking about patterns. Big, bold designs have no place in limited spaces. Striking images repeated in wallcoverings, upholstery and draperies nullify efforts to expand a room visually.

That doesn't mean we have to cut out wall coverings completely—only that they should be used judiciously. Limit them to bedrooms and baths, and use small delicate patterns that appear to recede rather than advance. Such patterns could also be repeated in draperies and upholstery.

Wood paneling is another item that can “shrink” a room. So it too, should be used sparingly (if at all) when you're resorting to every possible means of avoiding a closed-in feeling. If, for some marketing reason, paneling is necessary, try rough-sawn, v-joint boards—and white-wash them.

A word here about carpeting: Us-

ing a single color throughout a model creates flow and continuity of floor space—hence expands a house. The opposite effect—a seemingly “small” home—can result from changes in floor surfacing, say from brick to vinyl, to cork to hardwood.

Furnish them small. Furniture selection is where the professional designer's expertise counts most. Billowy, overscaled seating will make a small room appear even smaller. Example: It would be a mistake to corner sectional sofas, and extend them along the better part of two walls. Furniture placed against walls does more than reduce free floor space; it (unhappily) underlines how close facing walls are to each other.

Try this test: To make a living room appear infinitely smaller, line up sofas, chairs and lamp tables side-by-side along all four walls, thus creating a small open core in the center of the room. Then, gradually remove pieces of the furniture, and note how the room appears to become much larger.

The lesson here: To visually stretch a room, try to leave one section of a wall completely undecorated from floor to ceiling.

Expand through illusion. Floor-to-ceiling mirroring is relatively expensive. But when installed on key walls in a model, mirrors can attract more prospects and sell more units than many other decorating devices. That is, provided the mirroring re-



FRED DALY

flects something of interest—a garden, fireplace, elegant chandelier or an important piece of furniture, for instance.

In other words, the mirroring should “double” one of the best features in a model. And the effect can be especially stunning if the mirroring also reflects white walls and white or light-toned carpeting and upholstery.

Still another way to seemingly “double” space: Place potted plants next to sliders that open to a garden or other area with plants and flowers. Tying the indoors and outdoors together that way inevitably makes the indoors seem more expansive. (A word of caution: Don’t use so many plants indoors that the view of the outdoors is blocked.)

Some more visual space-expanders: reflective wallcovering (it doesn’t have as much impact as mirroring, but it works especially well in small baths and powder rooms) and large graphics with designs incorporating a “vanishing point” that creates the illusion of infinity.

Expand with reality. Prospects are more likely to accept smaller houses if models are merchandised to show how some of the rooms can do double duty.

Say, for example, that in order to cut square footage, the family room and/or den is eliminated from a plan. That means the living room will truly have to become lived in—

the spot for TV watching, for reading and, perhaps even for dining. In other words, the living room will become the family center, as well as the formal entertainment area. And it will be up to the interior designer (merchandiser) to convey that message—to create a multipurpose center without resorting to clutter.

Less square footage may also require smaller secondary bedrooms. And that may mean that like many master suites, those bedrooms will have to be designed with sliders or floor-to-ceiling windows that expose attractive views of outdoor amenities. Besides adding perceived dimension to sleeping areas, such architectural changes offer the interior designer an ideal environment for showing how such rooms can also function as dens, hobby or sewing rooms or home offices.

Utility rooms may also have to be sacrificed in the smaller house. If so, the kitchen could be the only spot to locate a washer/dryer, bringing that room back closer to what it used to be—purely a workroom—than it has been in recent years.

Obviously we won’t be returning to an era when perspiring women cooked over open hearths. But it may become necessary to turn the kitchen into a true workplace—albeit without sacrificing the charm that’s been brought to that cooking center.

After all, if we eliminate the

kitchen/family room and the living room becomes a place for family gatherings (even dining), then we may want to revert to the completely closed-off kitchen—one where there’s not even a pass-through to the dining area.

In the end, it may have more identity (from a woman’s point of view) as a cooking center than simply as an adjunct to a family room. Who knows? Perhaps in our quest for smaller homes, we’ll develop plans that are more convenient and more efficient.

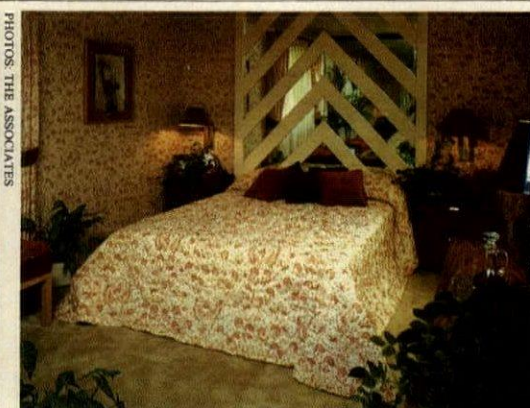
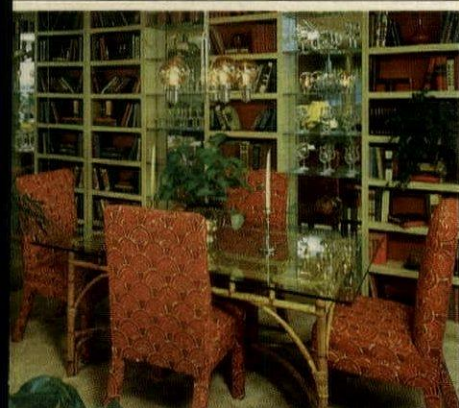
Whether or not it will be accepted by the market will probably depend to a large degree on the way it’s merchandised.

For good design delivers charm, and style—thus saleability—regardless of room size.

But if the prospective buyer says, “This is really well decorated—for such small rooms,” the interior designer will have failed.

From experience I know that even in models of say 1,400 sq. ft., it has always required considerable ingenuity to create an uninterrupted flow of surprise and satisfaction. Even more expertise will be needed to sustain buyer interest in models that are smaller.

Emphatic decorating statements will have to be made; impact will have to take precedence over room size; and much more intensity will be required.



PHOTOS: THE ASSOCIATES
 2 3 4



Tight eat-in kitchen (photo 1) is visually expanded by using a light-tone color scheme and light-scale furniture.

Floor-to-ceiling bookcases (photo 2), lacquered in white and interspersed with mirroring, “stretch” a mini-dining area. Note the bamboo-and-glass table. It, too, visually adds dimension to the 80 sq.-ft. space.

Chevron-like headboard, fashioned from mirror strips and whitewashed paneling (photo 3) seems to add height and width to a master bedroom wall.

Bamboo-screen headboard, a solid-color bedspread with checkered dust ruffle and mirroring are three space-stretching touches in this master suite (photo 4).

1. Hidden Palms in Palm Desert, Calif., built by Interstate Properties.
2. & 3. Sycamore Gardens in Tustin, Calif.—a condo conversion by Daon Corp.
4. Ridgewood Townhomes in Azusa, Calif., built by Ridgewood Development Co.

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Pella's exclusive Slimshade,[®] an attractive narrow-slat metal blind built-in between the panes of glass, offers exceptionally effective light and heat control. Slimshade is available on all rectangular Sunroom windows as well as the exterior sliding glass door. It is also available in the Sunroom roof, where it installs just below the glass panels.

Another Pella exclusive, the Double Glass Insulation System—two panels of glass, one fixed outside, the other a removable interior panel with almost a full inch of insulating air space between—offers superior energy efficiency. Roof panels utilize insulating glass.

The Contemporary French Door, an exceptionally energy efficient sliding glass door, plays an integral part in Sunroom design. There's a companion product, too, the Pella Skylight, to brighten other areas of the home.

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The entire Sunroom exterior has a protective jacket of aluminum cladding over insulating wood, so there's no outside maintenance.

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© 1980 Rolscreen Co.



Only Pella offers it all.

Kiddie book says 'Color me housing'

Attention to small details often scores high with prospects—especially when the “small details” are their kids.

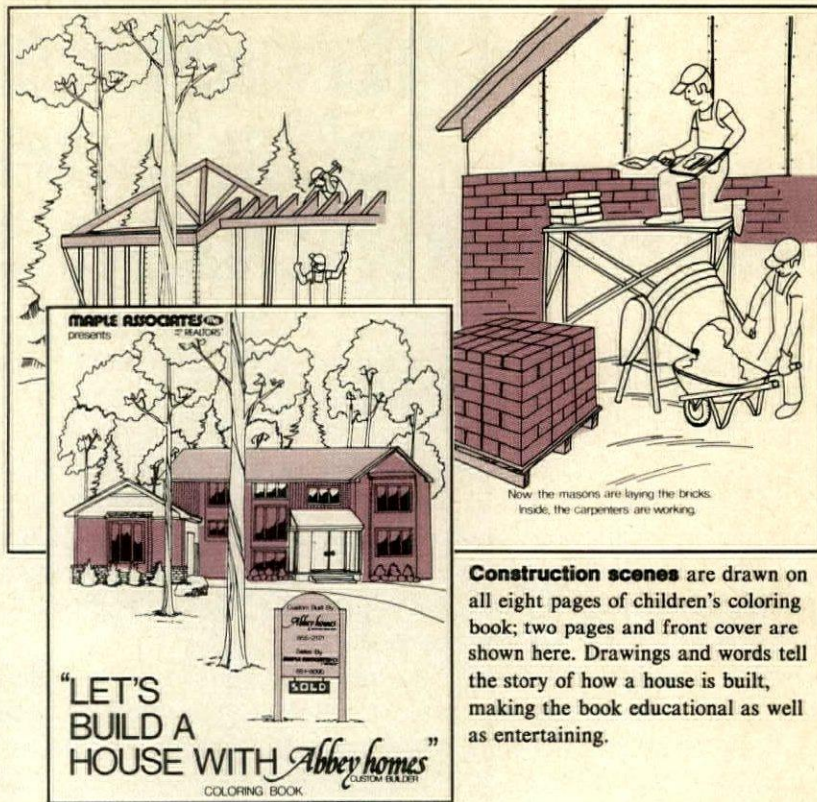
That's why Bob Katzman, who builds luxury custom houses in West Bloomfield, Mich. [HOUSING, July], put together a coloring book about homebuilding.

“Buyers say, hey, that's really a nice touch,” says Katzman. “If he's thinking of those little details, I'm sure he'll do well on the details of my house.”

An added benefit: The coloring books keep clients' children occupied while in the sales' office or on site—and thus, out of everybody's hair.

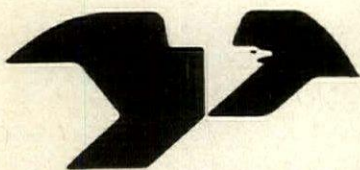
Good p.r. Katzman also encourages the children to take the coloring books home with them. He's not just being generous: Every time the children bring the books to the homes of friends or neighbors, Katzman gets a little free publicity. “It helps get your name around town,” he says.

Production of the merchandising device cost little: \$75 for artwork and \$125 for printing several hundred copies. And, as Katzman points out, reprints will be even cheaper than the start-up batch. —S.L.



Construction scenes are drawn on all eight pages of children's coloring book; two pages and front cover are shown here. Drawings and words tell the story of how a house is built, making the book educational as well as entertaining.

Real Estate Financing



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COSTS

Stockpiled materials save bucks

“We've saved over 20% on some products and materials by stockpiling. And that's allowed us to cut as much as \$10,000 from the price of a house.”

So says David Hoffman, president of Red Seal Homes Inc., which builds \$150,000-\$190,000 single-family homes in Northbrook, Ill.

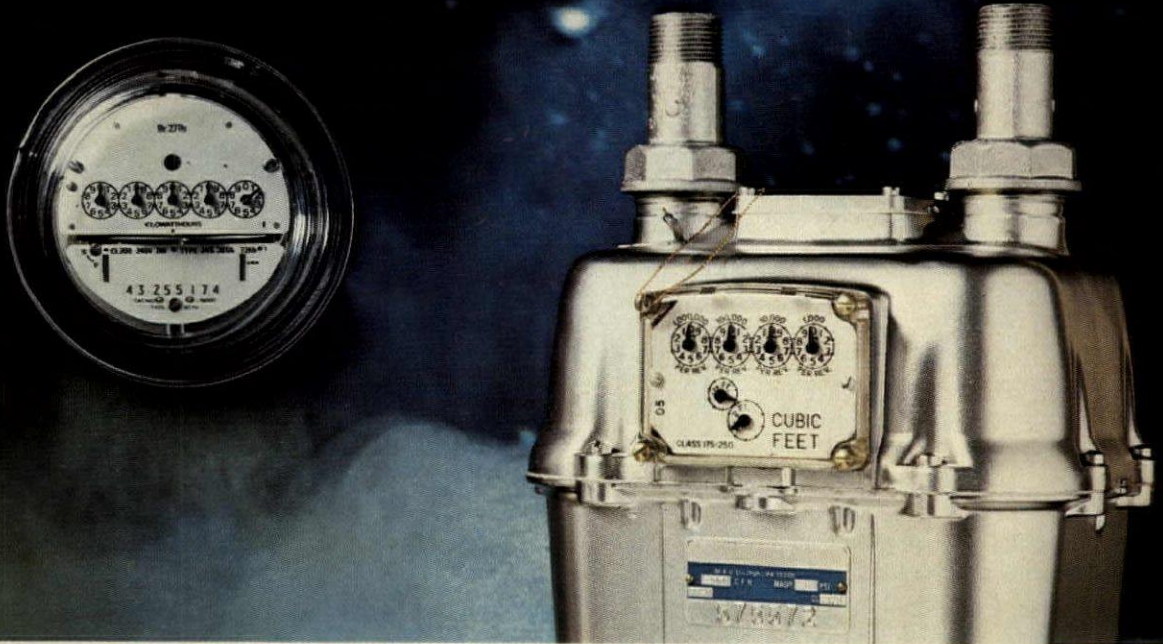
Overhead costs are kept low since most materials are stored right on site, inside garages and basements of model homes.

The only real expense is for the right to store lumber—which is purchased in carloads—at a local lumberyard. Hoffman buys directly from the lumber company, rather than the distributor, and avoids the usual markup.

Following trends. Savings stem from two sources: market price swings and bulk purchasing.

Hoffman buys basic materials, like lumber and copper piping, when he believes a commodity's market is at a low. He saves on cabinetry, lighting, HVAC equipment and other manufactured items by taking advantage of bulk discounts. —S.L.

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For example, experts recommend that homes in most parts of the country have walls with a total insulating value of R-19. With Temple High Performance Sheathing, you can get this R-value with conventional building methods. In other words, you don't have to learn a new way to build in order to build this new way. Just use regular 2 x 4 framing, 1/2" gypsum for the inside walls, R-11 insulating batts and 3/4" Temple High Performance Sheathing.

Ask your dealer for our fact sheet before you buy. You'll find out why Temple High Performance Sheathing is such a good investment...for you and for your home buyers.

Temple High Performance Urethane Sheathing is available in 1/2", 5/8", 3/4", 1" and 1 1/4" thicknesses in 4' x 8' and 4' x 9' standard panel sizes. Other sizes available on request.

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86 years of experience in the building materials industry.

SPECIAL HOUSES FOR SPECIAL SITES

Special sites needn't be as difficult as the one shown at right—although often they are. Sometimes they're special because of a desirable location, and they may be the one odd-shaped, leftover parcel in that location. Often they're special because they're near water or on a mountainside—and anything that's built on them can intrude on an unspoiled natural view.

There's one thing they all have in common, however: Special sites require special houses that are designed as much to fit the terrain and the neighborhood as the owner's lifestyle. And that can pose quite a problem for architect and builder.

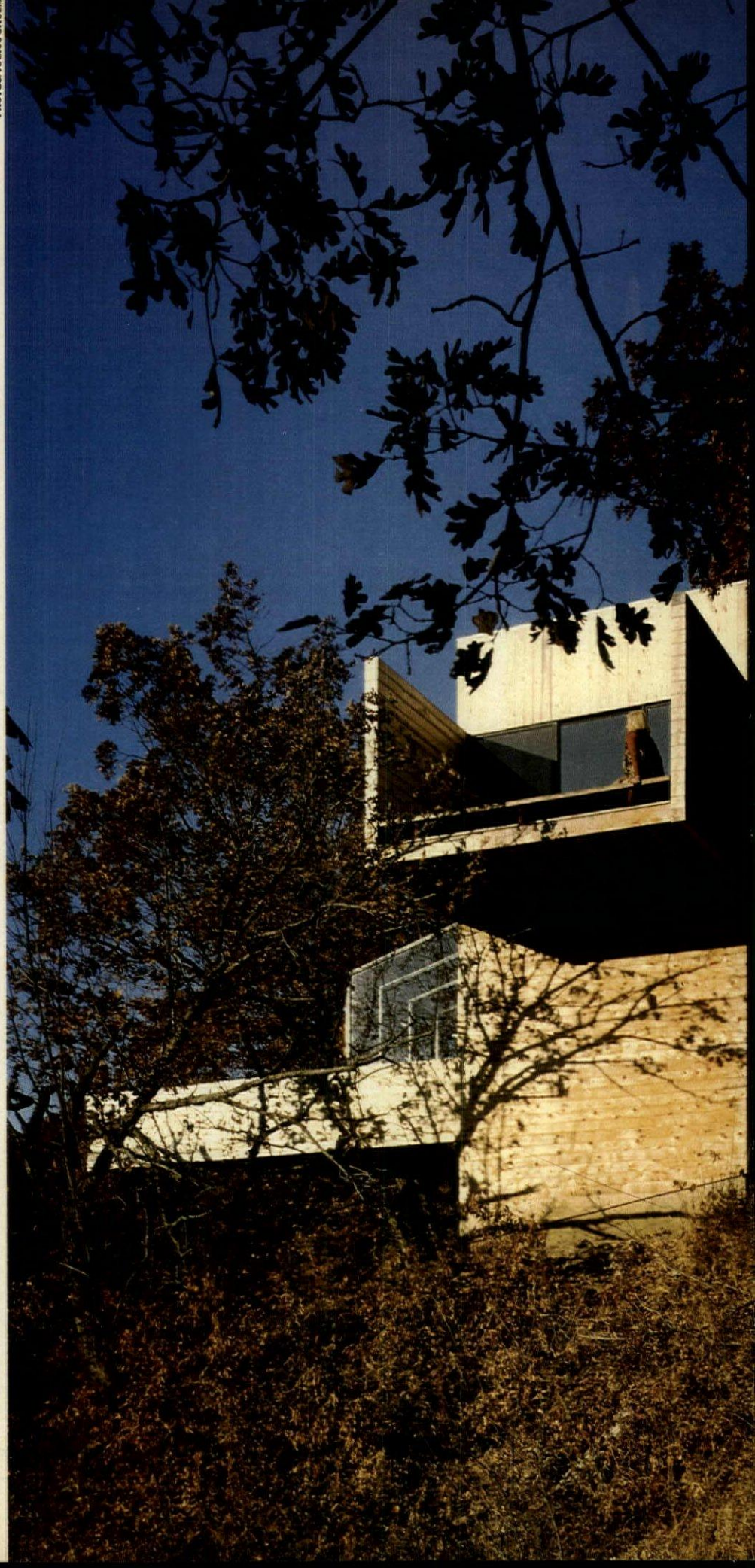
On the following nine pages are examples of designs that offered good solutions to their special site problems. All contain ideas that would work equally well on ordinary sites—particularly where privacy is desired. And all are built in familiar styles with familiar materials—but with that extra creativity that sets them apart.

Because of that, each has won an award in the 1980 Homes for Better Living program.*

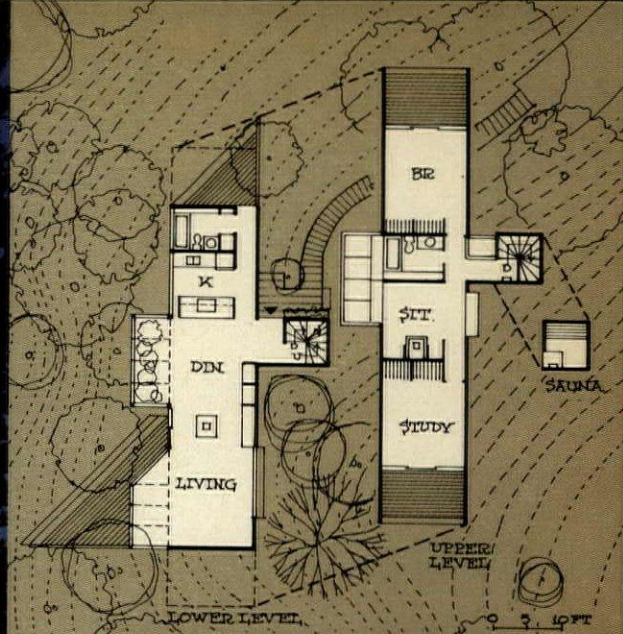
—JENNIFER A. WAGNER



*The Homes for Better Living awards program is sponsored by the American Institute of Architects in cooperation with HOUSING. The full list of 1980 winners appeared in May. More winners will be published in subsequent issues.



Narrow plan (right) for 1,654-sq.-ft. house is made liveable by greenhouse areas and projecting cedar decks that expand floor space and create an "in the treetops" feeling (see inset below).



A slim plan for a steep lot

There were two major problems in designing a house for this steep, heavily wooded site: first, building on a 35 to 40 degree slope, and, second, preserving the trees.

A long, narrow plan set across the south-facing slope solved both problems at the same time.

First, it simplified construction by eliminating the need for retaining walls. Because the house is only 12 ft. wide, it could be simply perched on the hill. Only a 12 ft. by 12 ft. section of the site had to be excavated. And the only poles used were to support the deck in back.

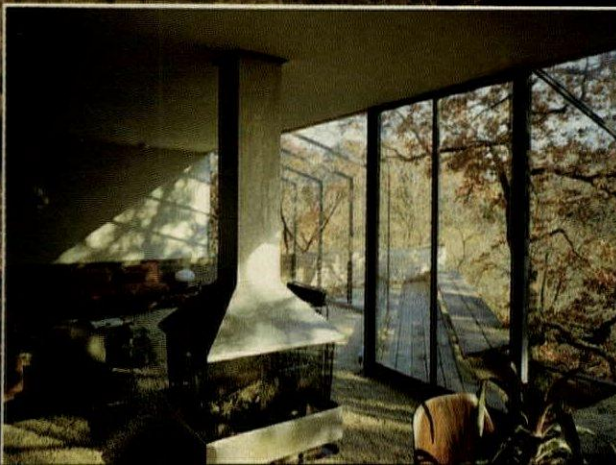
Second, only one tree had to be removed.

This orientation also led to one of the house's most distinctive features—a wall of glass with two greenhouse areas that extend out six feet and open up the narrow living area (inset photo). These greenhouse areas, which are used as dining/sitting areas, have a passive solar function as well. In the winter they are closed off by translucent, double-walled acrylic panels that snap into a sliding track that absorb heat from outside and reflect it to the living area.

Supplementary heating is provided by two air-to-air heat pumps.

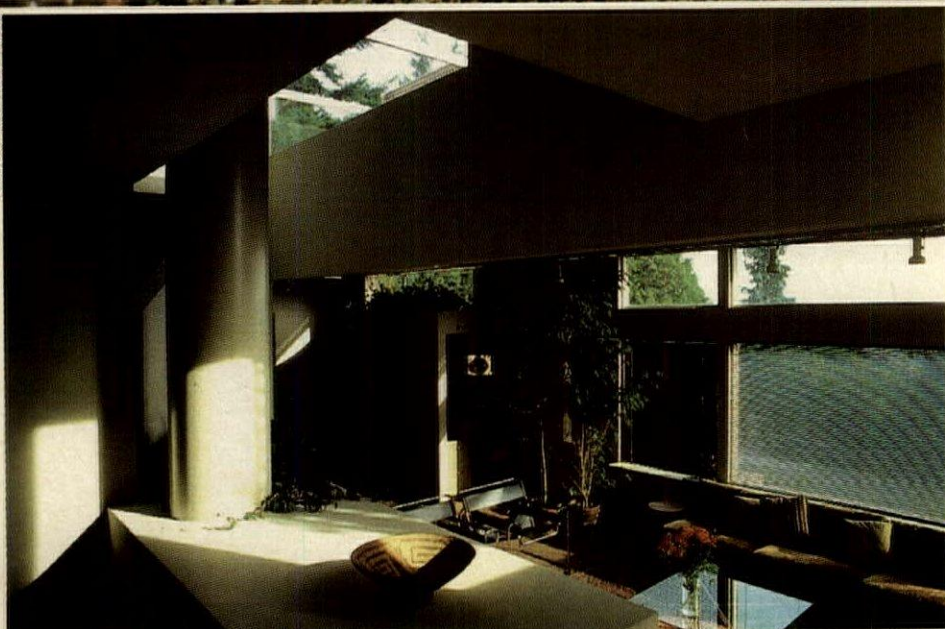
The house was designed by Ray Crites of Huxley, Iowa, and won an Award of Merit in the 1980 Homes for Better Living competition.

Freestanding fireplace (inset photo) divides living room from dining room. The firehood houses a boiler that is part of the hot water and heating system; the hearth contains heat transfer pipes.

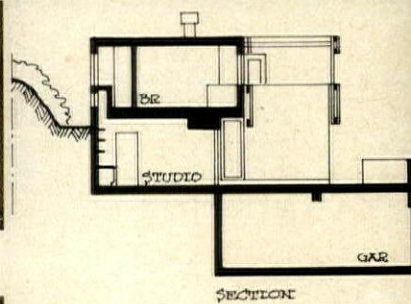




PHOTOS: CHRISTIAN STAUB



Living room (seen from dining room) opens to the view and to the second-level window.



Open living on a hemmed-in site

This house was built on a 6,000-sq.-ft. lot, located in an established neighborhood of Seattle, Wash. The site had two things going for it—a view and a good location. It also had more than its share of problems.

Problem No. 1: unusual dimensions—120 ft. long by 50 ft. deep—and a zoning variance that required 10-ft. setbacks front and rear and a 40-ft. sideyard. At the same time the local building department refused to allow the ground floor to extend over an existing below-grade garage.

Problem No. 2: a height restriction that was imposed by the seller of the site to protect his view (he lives on the lot above).

Another consideration: The site's 120-ft. of frontage faces south, with a spectacular view of Lake Washington. To open the house to that view with glass meant some sort of sun control would be needed.

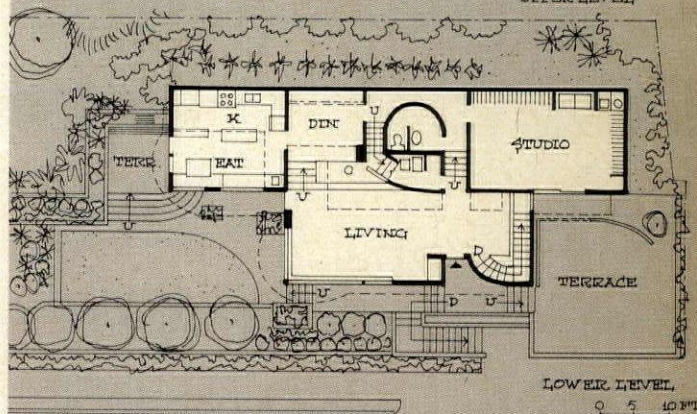
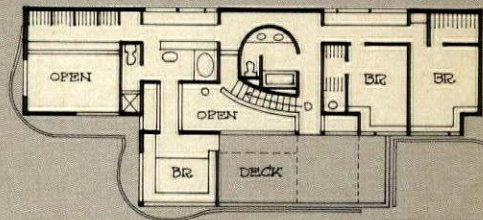
To meet the height restrictions, the house was set into the hill, with the living room at one level, the kitchen, dining rooms and studio a few steps higher, and the bedrooms on the upper level. This plan opened the main living areas to the view.

The house was sited so that the roof of the existing garage would become a terrace off the studio, and its simple rectangular plan met all of the setback requirements.

So that the structure would blend into the garden-like site, and also provide shade for the large south-facing windows, a cedar lath trellis was wrapped around the south and west faces of the house and planted with ivy and flowering vines. This latticework was fitted onto a frame which was then nailed to the $\frac{3}{8}$ "-thick cedar lap siding. Although used here for sun control, the trellis could easily and inexpensively be adapted elsewhere as a privacy barrier or a landscaping device.

Local building materials—cedar, brick pavers and latticework—and standard construction techniques were used to lower construction costs.

Architect Gerald Williams of Seattle, Wash. won an Award of Merit in the Homes for Better Living competition for this design.



2,700-sq.-ft. plan suits a family of two adults and two teenagers for it provides well-separated areas for business-related and personal entertaining, as well as spaces both indoors and out for individual activities. The master bedroom suite is completely isolated, with its own deck and a dressing room and bathroom that are reached by a bridge that overlooks the living room. All rooms except for bathrooms face the downhill view. Notice how the curved wall areas echo the curved lath structure outside.

Terraced garden walls (photo above) also act as retaining walls, and echo the "layered" design of the house (see section at left). Special effort was made to preserve the garden-like quality of the site with plantings and with the trellises. Eventually, when the vines have grown, the house should blend into the site.

A year-round pavilion for a wooded site

The terrain of this site was not difficult to build on: What was difficult was designing a house that would be isolated from the road and from possible future construction but open to views to water, woods and meadow. (see site plan at left)

The solution was a plan with no windows on the south side, and only one on the north (see floor plans at left). Yet from every vantage point, outside or inside, the house seems airy and open—almost like a summer house. (Photos facing page).

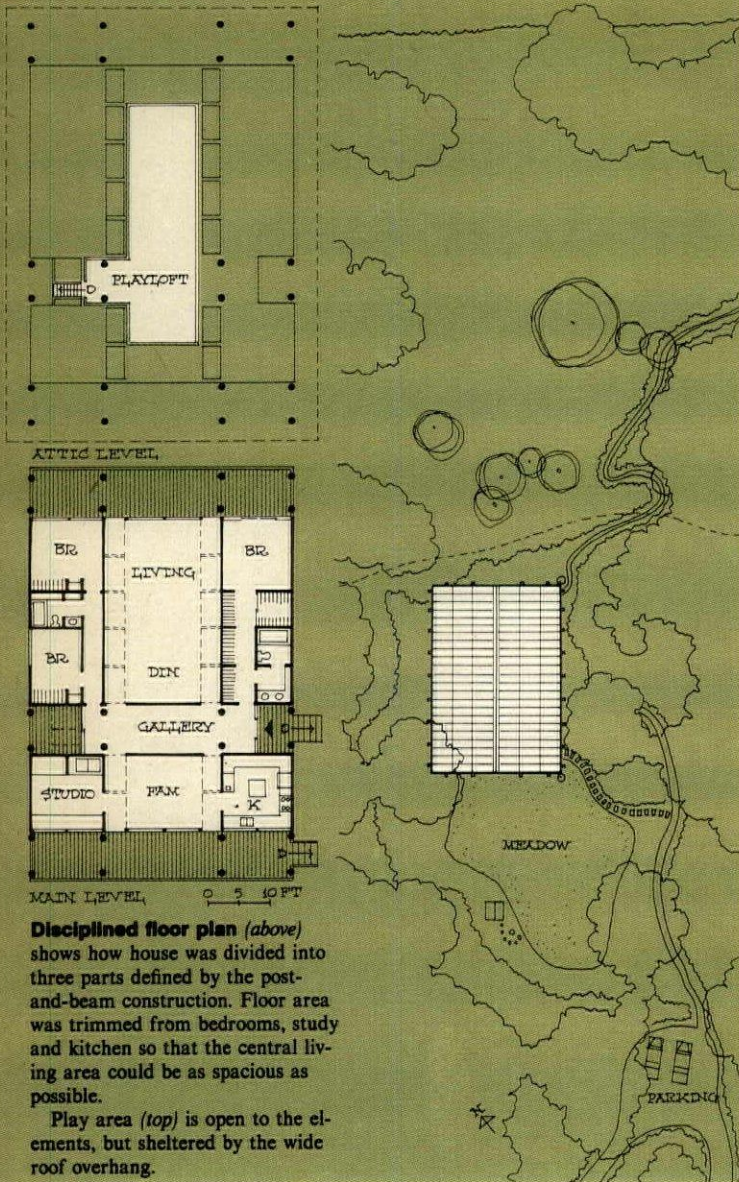
Reason: the glass is on the roof. It's translucent fiber glass, in 3½' by 11' panels. The sunlight can pour into the living areas, located—with the exception of a play loft—on a single floor. Even the shadows of the trees are visible through that roof.

There is a 20- by 27-ft. basement under the center of the house only; elsewhere, the structural posts are carried down to the ground, adding to the look of lightness and spaciousness, and also making it possible to build with minimum destruction of the natural site.

The post-and-beam construction also permits an open floor plan. Here, however, the architects designed a very disciplined layout, dividing the house into three parts with a large central public area flanked by two smaller private areas (see floor plans at left).

In the center of the house, there is a 12 ft. by 40 ft. play loft, which is open to the elements but sheltered by the wide roof overhang. As the house is located on Bainbridge Island, Wash., which has a mild climate, this loft can be used year-round.

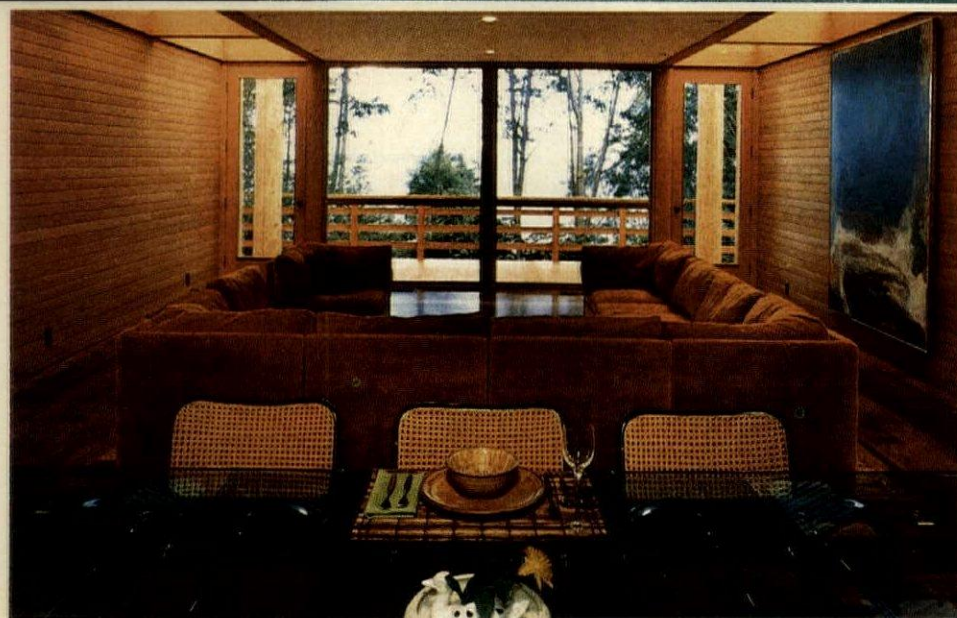
The house was designed by Morgan and Lindstrom of Bainbridge Island, Wash. Homes for Better Living jurors called this house a standard-setter for all builders; in particular they admired the architects' sense of craftsmanship, respect for site and use of building materials. And on these merits, the house won an Honor award in the 1980 competition.



Disciplined floor plan (above) shows how house was divided into three parts defined by the post-and-beam construction. Floor area was trimmed from bedrooms, study and kitchen so that the central living area could be as spacious as possible.

Play area (top) is open to the elements, but sheltered by the wide roof overhang.

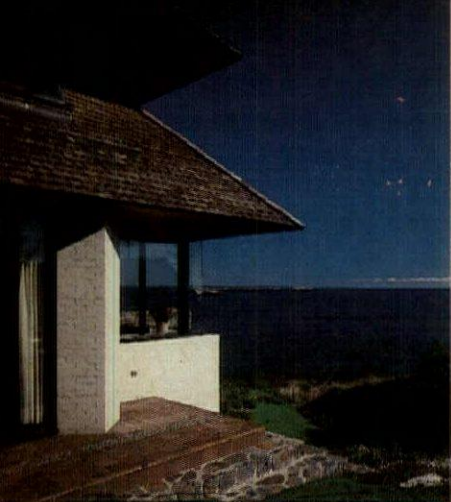
PHOTOS: CHRISTIAN STAUB



'Floating' house—the rectangular 2,400-sq.-ft. plan appears to hover over its site—was designed to interfere as little as possible with the site and to create a feeling of openness. The traditional form and proportion of the post-and-beam shell are, says the architect, an echo of regional Northwestern architecture.

Site plan (*opposite page*) shows how house was set on its 760 ft. by 100 ft. lot to take advantage of spectacular views toward Puget Sound, woods and meadow.

Skylights help to open up the virtually windowless interior—only the two ends have glass. Homes for Better Living jurors were impressed at what they called the "luminescence" of house, despite the absence of conventionally-placed windows.



Local materials such as cement brick, tile, unstained clapboard siding and local stone—were used for continuity with surrounding houses.

Private living on a narrow coastal site

The site is narrow and deep, and half of it slopes steeply to the water. It was also one of the few remaining pieces of undeveloped land on the New England coast.

In designing a house for it, the architects had two important objectives: creating privacy inside and out and opening the house to the view.

A T-shaped plan, set with the long leg of the T parallel to the water, accomplished both these objectives.

First, it buffered the living area from a busy road with a three-car garage and a large entrance court. It also made it possible to orient the main living areas so that there would be few windows overlooking a neighboring house, which is only about 20 yards away (see site plan at left).

The T-shape also provides privacy for individual family members—a doctor who needs the seclusion of a private office for late-night work, his wife and their school-age children—and numerous guests.

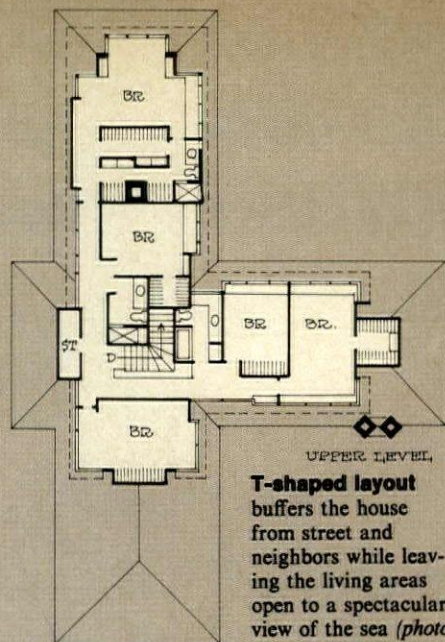
On the main floor, with the kitchen at the center, the family room is well-separated from the study and from the more formal living and dining room wing. Upstairs, the master bedroom is buffered from two of the children's rooms, while the guest room is completely isolated.

The second objective—opening the house to the view—was also accomplished with the T-shaped plan. Two walls are completely lined with windows or sliders, and these are bordered by a long colonnade that leads the eye towards the view.

The living room and master bedroom enjoy the most dramatic view, as they are in the wing that juts out toward the rocky slope. And each room gets sun, with the exception of the study, which will be used only at night.

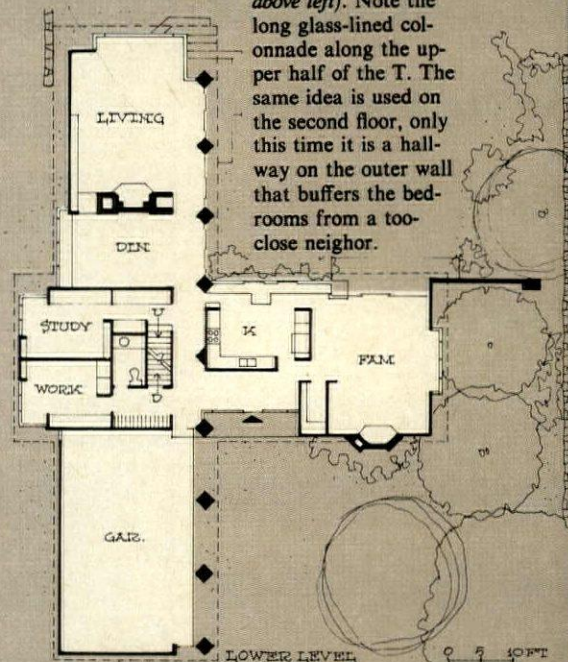
The exterior of the house—particularly on the street side—was designed to blend in with the traditional seaside houses of the neighborhood. In fact, the Homes for Better Living jurors said it “looks like it could have been there.”

The house, which was designed by Huygens and Tappe' of Boston, Mass., was given an Award of Merit.



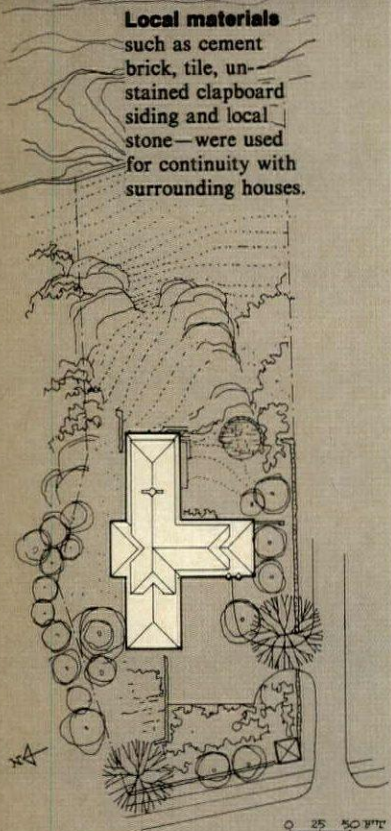
UPPER LEVEL

T-shaped layout buffers the house from street and neighbors while leaving the living areas open to a spectacular view of the sea (photo above left). Note the long glass-lined colonnade along the upper half of the T. The same idea is used on the second floor, only this time it is a hallway on the outer wall that buffers the bedrooms from a too-close neighbor.



LOWER LEVEL

0 5 10 FT



0 25 50 FT

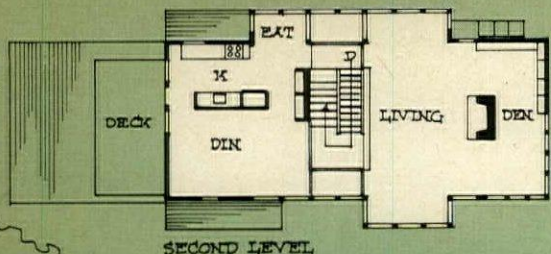


Seaward elevation (above), with living room and master bedroom jutting toward the sea, is far more dramatic than the street elevation, which was designed to blend with the neighborhood. Note the overhanging roofs: The architect suggests this as a useful device for bringing a two-story house into scale with a one-story neighborhood. The rocky site was not blasted for excavation. The seaward wing sits on top of the rock. Further inland, the site becomes dirt. At this point, a basement was dug.

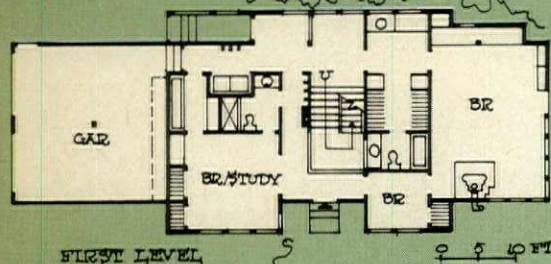
Family room has a brick-and-concrete fireplace (right) between two square columns that are turned at 45 degree angles. This design element is echoed throughout the house. Flooring here and on ground level is tile. Built-in cabinetry is oak. Window blinds are hidden in crevices in ceiling.



PHOTOS: STEVE ROSENTHAL



SECOND LEVEL



FIRST LEVEL

Two-story plan was inverted, with bedrooms on the first floor and living areas on the second floor so they would have a better view. The upper level was left completely open, with spaces defined by fireplace, kitchen counter and pantry closets.

The site itself was not difficult to build on. Although heavily wooded and steeply-banked in some places, the house was set on a clear plateau 15 ft. above the river, overlooking a view of the mountains beyond.



Unusual roof deck off the kitchen and dining room (above), was cut right into the garage roof, taking advantage of normally wasted space. Although the deck faces the neighboring house, the view is blocked by trees. A second deck, off the master bedroom, is not shown in the plans above.

A quiet design for an unspoiled natural site

Here the only problem was to create a house that would be appropriate for a spectacular site, but that would avoid competing with it.

The 2,500-sq.-ft. house was built on a .88-acre lot located high in the Rockies (see site plan left). It is flanked on two sides by Forest Service woodland, and its single neighbor is blocked from view by trees. To the west it overlooks the Gore mountain range and the Snake River.

The architects aimed for an unobtrusive design that would nestle into the site (see photo right) and take in the view. Thus they adopted an inverted floor plan, typical of houses designed for uphill/downhill sites. Bedrooms, guest room, study and darkroom are on the first level; living areas are on the second level.

Because entertaining is so important to the owner, who is president of a major ski area, the upper level was left almost completely open. Space is defined by freestanding elements—closets, a fireplace, a kitchen counter—none of which is over eight feet high. And the glass walls bring in light and create a scenic backdrop.

Building materials, both inside and out, were chosen because they were typical of the region. The cedar-shingle exterior was deliberately kept simple to blend into the site (see photos below left and on facing page). The interior (photo facing page, below) achieves a "carpenter-built" look with exposed trusses, rough-sawn Douglas-fir paneling and floors of inexpensive deck planking. All walls are white-washed; creating a well-lit space for the plants, and a backdrop for photographs, Oriental rugs and Indian art. Construction costs: about \$35 a sq. ft.

The house, which is located in Dillon, Colo., was designed by Backen, Arrigoni & Ross of San Francisco. It won an Award of Merit in the Homes for Better Living Program.

PHOTOS: HOWARD BACKEN



Shingled exterior (above), camouflaged by trees and vegetation, is barely visible from the road.

Living area (photo right) was kept open to offer space for frequent entertaining. The paneled walls were white-washed, making the area seem even larger. They also contrast with the green outdoors in the summer, and blend in with the snowy scenery in the winter.



Stairway/planter (below), constructed of Douglas-fir lumber and ceramic tile pavers, was designed to accommodate the overflow of greenery that decorates the living room (left). The railing on the left is strengthened and supported by taut ship's cable.



DAVID G. KLEIN

HOW TO DO A JOINT VENTURE

Joint ventures. They're today's fastest-growing financing scheme. You've read about them [HOUSING, August, 1980] and now maybe you're thinking about doing them.

But before you sign anything, you'd better get to know the ins and outs of these often complex deals. And that's where HOUSING's nuts-and-bolts guide comes in. It tells you who to see, what to say, how to get started. In short, it gives you the five steps to a successful joint venture. — WALTER L. UPDEGRAVE

1 WHO TO GO TO

"The first step when considering a joint venture is to identify your need," says Gene Issacs, vice president of Equity Programs Investment Corp., Falls Church, Va. Your need might take the form of equity dollars, land, marketing expertise, loan guarantees—or any combination of these.

The next step is to find a partner who can meet that need. But remember, your partner has needs too, and the ideal joint venture is one where his and yours mesh.

In short, if you're looking for equity to do ten single-family homes, Aetna Life Insurance could no doubt meet your money needs, but it's doubtful whether you'd meet their profit needs. Similarly, if you have a large, suburban office park in mind, chances are your ideal joint venture partner is not the dentist who lives down the street. Below is a list of potential joint venture partners.

Service corporations. These subsidiaries of federal savings & loan associations are a good source of funds for residential projects of 25 units and up.

Typically, service corporations take a general partner's role, but they can also act as a limited partner. In good times, they have access to tremendous resources, but they can drop out of the market quickly when S&Ls experience deposit drains. A disadvantage, says Issacs, is their "lender's mentality."

SBICs—Small Business Investment Companies. Licensed by the Small Business Administration to fund in-

vestment in local small businesses, SBICs can invest in residential, commercial and industrial projects. However, they can only do ventures with companies that have assets of under \$9 million, net worth less than \$4 million and net income of less than \$400,000 for the two years preceding the investment. An SBIC's equity investment is tied to its capital base, so they're good for about \$1.5 million tops in any given project. For a nation-wide directory of SBICs, contact the SBA headquarters in Washington, D.C.

Joint venture companies. These are investment organizations created for the purpose of making joint ventures, some for the sole purpose of doing joint ventures with builders. Depending upon size, joint venture companies can make investments of \$100,000 and up. Most of these companies shy away from projects of less than 25 units because these do not generate enough profit to cover monitoring costs and leave a sufficient return on investment.

Investment banks. Most investment banks have a real estate arm for joint ventures. Generally, they're only interested in large investments in income-producing properties.

Insurance companies. These are similar to the above in that primary interest lies in income-producing properties, mostly commercial ones.

Subsidiaries of corporations. Major non-real estate corporations like American Standard and General Electric have done joint ventures through

subsidiaries. Not the type of partner a small builder easily approaches.

Foreign investors. These could be corporations—Genstar, Cadillac-Fairview—or individuals. This type of joint venture requires particular care and expertise, especially when the foreign entity is not well-known. Sometimes, a foreign partner uses the joint venture as an overture to an acquisition.

Individual investor. Could be a professional—doctor, lawyer, dentist—or a friend or relative. Individuals are a good source for projects of 10 or 12 units because less time and documentation is generally required to strike a deal. But the individual may not understand the builder's business, which could be a problem if a project runs into any trouble.

Know your investor

John Hazeltine, president of Home-builders Financial Services Corp., Newport Beach, Calif., warns against builders' tendency to hold investors in awe: "Don't assume the investor is the good guy who will always do everything right. The builder should look for the same thing in an investor as an investor looks for in the builder." And, he should look just as hard.

Hazeltine offers the following questions as a way for builders to determine the eligibility of a potential institutional investor:

Does the institution have the current and ongoing financial strength to cover your immediate and future needs?

Are its balance sheets ladden with contingent liabilities that could cause problems later?

Are its resources stable, or composed largely of "hot," i.e., volatile, money?

Are the institution's current joint ventures doing well or are they losing money?

Will you be dealing with the same person or persons both before and after signing the joint venture deal?

How many people will you have to deal with? The more layers of management your project has to be screened through, the longer it takes to get problems resolved.

What are the institution's standards for response time? When will they have a yes or no answer for you?

Will your potential equity partner or one of his affiliates be competing with you?

Can you be assured of the confidentiality of your proposal and research information?

In previous joint ventures, has the investor shown a willingness to work with builders in order to solve problems that were unforeseen and beyond the builders' control?

Another tip in selecting a joint venture partner: Pick one who not only knows real estate, but knows the particular type you're building, be it residential, commercial or mixed-use. "A partner who understands your business might be a tougher negotiator in working out a joint venture deal," says Gene Issacs. "But you're usually better off having a partner who knows the particular problems you're up against." Issacs also advises builders to ask potential investors for financial statements. He says, "Professional joint venture companies should not be wary of disclosing their financial strength."

2 WHAT TO TAKE WITH YOU

Once you've decided whom you're going to see about a joint venture, you've got to prepare yourself. "Don't walk in cold," warns Stan Ross of Kenneth Leventhal & Company, Los Angeles, "Do your homework in advance." This means two things: 1) Have a specific deal tied down and ready to go when you go to see your potential investor; and, 2) Have in hand a complete presentation which outlines that deal in detail.

The amount of material you include

- Land purchase contract or signed land option agreement
- Map showing:
 1. property location
 2. mileage to major city
 3. convenience shopping
 4. all schools
 5. bus lines
 6. employment
 7. location and number of units of comparable housing
 8. any other pertinent information: recreation and cultural facilities, etc.
- Components of the project:
 1. type of product to be built or converted
 2. units/mix
 3. floorplans (include name or architect)
 4. number of acres
 5. density
 6. amenities
 7. community image
- Soils study or report
- Discretionary approvals

from all applicable governing bodies:

1. tentative map
2. conditional use permit
3. sewer and utility approvals

Bonding:

Description of requirements for subdivision bonds

Photos:

1. Streetscape photos of each abutting street and adjacent areas
2. aerial photo (if available)

Market research report:

(some investors prefer consultant; others accept in-house work)

1. demand analysis of market area
2. supply analysis—existing and proposed competition
3. market segmentation and product recommendations
4. absorption projection

in a presentation will vary. Individual investors usually require less information than a joint venture company. If you've already done a joint venture with one investor, he might require less documentation the second time around. For a first-time deal, the presentation should be as detailed as possible and presented in a professional, ordered manner. The checklist below is a sample of the documents a builder should try to include with his application for a joint venture.*

Detailed cost breakdown of project

Project schedule:

1. land takedown and development
2. construction starts
3. sales and settlements

Month by month cash flow for first 12 months

Projected sales for life of project

Financial statements:

1. corporate and personal
2. current to previous five years

Signed credit review authorization with list of creditors

Personal and corporate bank references

Trade references

Personal resume:

- list and description of projects developed including list of lenders and investors used in each project.

Stan Ross suggests making a brief synopsis of the above package: a concise description of the type of project, its cost, projected profit and the equity investment you're looking for. If it generates interest, you can then unveil the entire package.

Finally, you must consider timing.

You want to give the potential investor enough lead time to evaluate your proposal and make a decision. There is no set interval, but Bill Schainker, president of Housing Capital Corp., Washington, D.C. suggests a lead time of 30 to 60 days be built into the builder's schedule.

*For documentation requirements of two joint venture companies, send your name and address to: Joint Ventures, HOUSING Magazine, 1221 Avenue of the Americas, New York, N.Y. 10020

3 HOW TO SET IT UP

"There's no cookbook approach to setting up joint ventures," says Stan Ross. Each deal must be viewed individually and tailored to the specific needs of each partner. So there are no hard-and-fast rules saying whether you should set up your joint venture as a general or limited partnership or a corporation. But no matter how you set it up, the structure should at least reflect these three crucial concerns:

Control. Which of the two or more partners will have managerial control of the project and what will be the limits of the other partners' control?

Liability. Will the partners share equally the debts and obligations of the joint venture's project? Or, will one partner's liability be limited?

Taxation. What kind of income and expenses will a project generate? How will the income be taxed?

Because of the complex legal and accounting issues behind these three concerns, it's probably a good idea to consult an accountant or a tax attorney or both when deciding upon the structure of your joint venture. There are two essential decisions.

First. You must decide which form the joint venture itself will take. There are several possible arrangements, but the most commonly used forms are:

Limited partnership. The builder frequently takes the general partner role, the investor the role of limited partner. Income flows through the partnership and is taxed once distributed to the partners. The limited partnership is a popular way of structuring joint venture deals where a residential, for-sale project is being built.

General partnership. Two or more general partners, each totally liable for the joint venture's obligations, make up a general partnership. Since both partners participate in management

decisions, this partnership form might be chosen by a builder who wants more from a partner than equity dollars. Here as well, income flows through partnership and is taxed at the hands of the partners.

Corporation. A corporation is a separate legal and taxable entity. Unlike a partnership, income is taxed as earned by the corporation and taxed again when distributed as dividends or salary to the corporation's shareholders or employees. Corporations also feature limited liability and a life which runs until bankruptcy or dissolution of the corporation.

The corporate form is often used in joint ventures involving condo conversions and ones where one partner is bringing land to a subdivision project. This is done to preserve capital gains treatment.

Because of a change in the accounting procedure for joint venture assets, Peter Feinstein, president of the Century City, Calif.-based accounting firm of Feinstein, Schwartz, Smaler & Barrett, suggests builders retain control of any partnership formed to do joint ventures. Under the new procedures, a builder's financial statements can carry the joint venture assets in a consolidated form, i.e., all the assets minus the minority interest. "Basically, it gives the builder a new and better looking financial statement," says Feinstein.

Second. You must decide whether to enter the joint venture as an individual or a corporation. Depending upon the specific type of project planned, his own financial circumstances, and the kind of income the project will generate, each form holds advantages and disadvantages.

Individual. Builders often enter a joint venture as an individual when doing a project which will be built and

then held for a later capital gain, says Charles Thomas, a CPA with Arthur Young & Company's San Francisco office. Income-producing properties often fall into this category. This way, the individual pays the 28% maximum personal capital gains rate. Were a corporate form chosen, the capital gain would be taxed twice: once in the corporation and then again when the builder extracted the gain from the corporation. If an individual enters a joint venture partnership, he is individually liable according to his status as a general or limited partner.

Corporation. This form is often chosen when the project will produce "ordinary income" as for-sale housing projects do. Although the corporate entity leads to double taxation—the corporation's income is taxed, then the shareholder's dividend—very often this pencils out to less overall tax for several reasons. One, the maximum corporate tax rate is 46%, the personal maximum 70%. A corporation can fully deduct interest and carrying costs on construction. Individuals must amortize these over a ten-year period. Finally, a corporation chooses its own fiscal year and may operate on an accrual accounting basis. An individual operates on a calendar year and a cash basis. What these differences amount to is that a corporation can usually, though not always, wind up paying less tax on ordinary income. The corporate form also has limited liability.

A final note: Sub chapter S corporations are special corporate entities which enjoy many of the benefits of both corporations and individuals. However, there are a variety of complex limitations and conditions on their use, particularly where real estate ventures are concerned. It is best to consult an authority about them.

4 WHAT TO WATCH FOR

There are few standards where joint ventures are concerned. Most arrangements are negotiated to accommodate the specific needs of each partner. Generally, a builder's game plan should be: Negotiate where you can, understand what's expected

of you everywhere else. Don't take anything as a given, especially words like "profit," "overhead," and other terms which are generally accepted but can mean different things to different people. You should know exactly what these terms mean for each

deal.

Here are some areas where the builder should be particularly careful of what he's agreeing to when doing a joint venture:

The profit split. Profit splits can range from 20-80 to 50-50, depending

upon the respective risks taken by the partners. Generally speaking, the more risk one takes, the greater return he expects. But two deals where the profit split is the same can differ substantially in the dollar return each investor gets, depending upon the way "profit" is defined.

"This is where you really need your accountant," says Stan Ross. Both partners should agree as to which expenses will be deducted from revenue to come to the profit figure that will be divided up. The agreement can be concise or lengthy; some expenses are negotiable, others aren't. Again, there are no standards, but here are a few guidelines:

Overhead. Investor and builder might agree on a fixed amount of overhead to be charged against profits for a project, or they might set an allowance based on a percent of sales.

Front end costs. These are usually negotiable. Costs of tentative land maps, discretionary approvals and other costs incurred to get the project ready for the investor to look at are not automatically covered by the joint venture agreement.

Sales commissions and fees. These are usually deducted from revenue to arrive at the profit figure. Specify whether outside or in-house salesmen will be used as this may affect how

much in commissions and fees can be charged against revenue.

Ordering of profit. "Partners should come to a concise understanding of who gets paid what, when and in what order," advises John Hazeltine. In short, there should be a clear, unambiguous ordering of profits and—for the unfortunate cases—an ordering of loss. Usually, the interim lender gets payment first, followed by the investor and, finally, the builder. Make sure that payments to lenders and investor don't hinder your ability to complete the project.

Reporting requirements. Before signing a deal, a builder should know what reports the joint-venture partner requires of him once the project is underway. These requirements could vary from meetings with investors to highly detailed monthly statements. Because compiling reports will take time and money, the builder should figure what this will cost him and see if the overhead allowance against profit is consistent with these requirements. In short, Hazeltine warns against getting involved with investors "who are just report-happy."

Typical reports required of builders are:

- Quarterly cash flow and budget updates;
- Monthly income statement and

balance sheet;

- Monthly schedule of receipts and disbursements;

- Monthly escrow report;

- Monthly variance report: actual vs. budgeted costs;

- Monthly projection of estimated cost of completing project and estimated profits.

Penalties. There are many grounds for the removal of the general partner—usually the builder—in a joint venture. A few are:

- Substantial deviations in cost, quality or timing from project specifications originally approved by the partners;

- Failure to discharge or bond within 30 days any mechanic's lien filed against property;

- Failure to provide reports and statements required by agreement.

Contingencies. The agreement should spell out what happens in the event of...

- Death of general partner: Some agreements are automatically dissolved, assets liquidated and revenue paid out in an order provided for in the agreement;

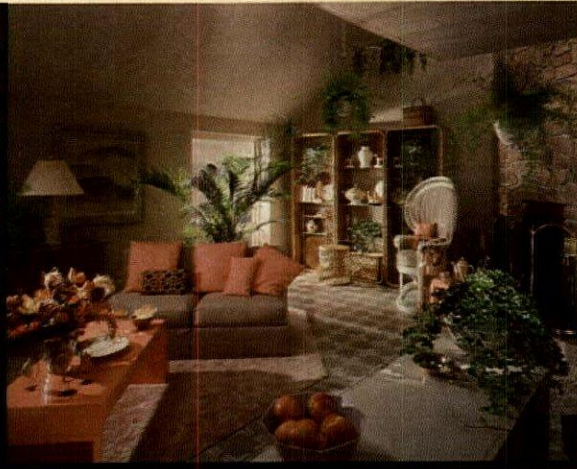
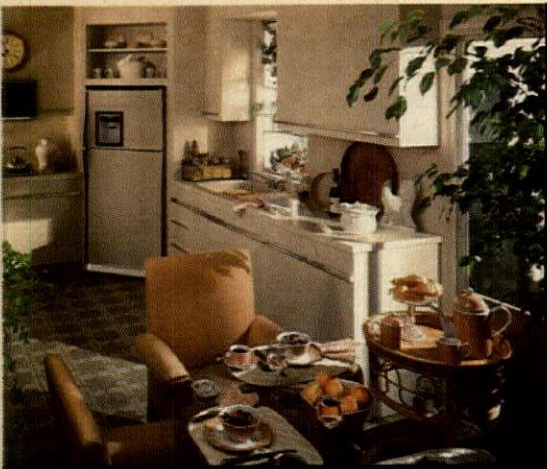
- Bankruptcy: Same as above;

- A partner's desire to terminate agreement: This usually can only be done if all partners agree in writing to the dissolution.

5 DO's AND DON'T's

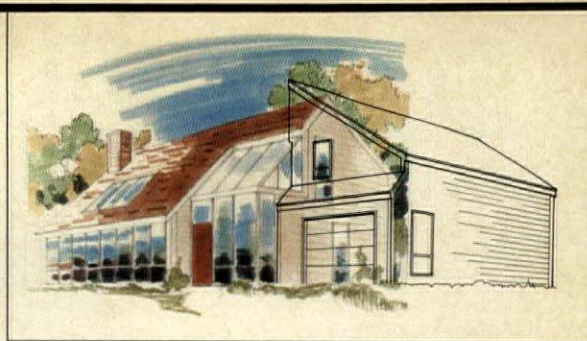
This list of do's and don'ts compiled by Kenneth Leventhal & Co.'s Stan Ross might prove helpful.

State the investment objectives	Assume the investor will provide all the equity
Prepare a complete presentation—cash flow analysis until sale or rent-up, etc.—and a synopsis of it	Submit an excess amount of disjointed material
Show the specific assumptions of your forecast	Over-complicate the analysis with internal rates of return or discounted cash flow formulas
Submit a breakdown of major segments: land, infrastructure, construction costs, operating costs, etc.	Present cash flow only on a cumulative project basis
Submit the breakdown and timing of cash investment	Forecast an excessive rate of inflation
Provide key financial data on prior projects to show track record	Submit only balance sheet and profit and loss statement
Give background material on company and key personnel	Provide a general list of all company employees
Be specific in describing the type of entity: partnership, corporation, debt or others	Assume your structure is the only desirable or acceptable one
Calculate and include U.S. tax implications of the project	Assume tax brackets or capital gains treatment
Show future equity or appreciation	Forecast the sale of the property if intent is to hold
Include project maps, illustrations and related graphics	Submit detailed engineering plans until requested
Separately show management fees and overhead reimbursements	Limit the data to aggregate or bulk numbers
Understand political and economic environment of foreign investor, including customs	Discuss general political problems with foreign investors
Be open and to the point	Generalize or be evasive



Added views of great room focus in on (1) the kitchen area (*far left*) in which an angled niche gives the refrigerator a built-in look and provides display space for collectibles and (2) a view of the living room (*left*) as seen from the dining space, in which some of the passive solar system's glass and thermal storage walls are seen. Interior designer: Catherine A. Erb of Armstrong.





A BIG-LIVING SMALL HOUSE WITH STRETCHABILITY



Here's a house whose plan and interior design are chock full of borrowable ideas. Among them:

Space-stretching design: Openness, volume and angles give a small—1,350-sq.-ft.—house the feeling of being much larger. In the photo at left, for example, a 13½' by 20½' great room appears much larger, mainly because of the cathedral ceiling. And the eye is drawn upward because the brick fireplace is carried up to the ridge line. The balcony, with railing, also helps make the space seem larger.

And study the angled fireplace wall and refrigerator niche. Even though angled walls are harder to build than straight walls, they're often worth the effort for the impression of space they create.

Multi-use space planning: a great-room layout in which several functions flow into—yet don't intrude on—each other. Specifically, look at how the division between living area and kitchen/dining space is suggested by a single step down and by combining a column and built-in entertainment center to create the impression of a wall. And note that even a narrow balcony can be turned into a mini-library.

Passive solar design: A system (see next page) that utilizes glass and thermal-storage walls and a greenhouse entry (see elevation above) to help reduce heating costs.

Expandability: a two-bedroom plan that's tailor-made for the addition of a third bedroom (see next page) when family needs change.

This house, the latest Armstrong (World Industries Inc.) Idea House, was commissioned by the building products manufacturer because consumers had responded so enthusiastically to a previous promotion house. It's being featured in two-page, four-color ads in several consumer and shelter magazines. So don't be surprised if a rash of prospects start asking for similar features in your houses.

And if you'd like to duplicate this plan, Armstrong has arranged with architect J. Wylie Bradley of deVitry, Gilbert and Bradley for the sale of complete architectural drawings (with specs). Cost: \$50 for one set; \$110 for five sets; \$20 each additional set. Write: deVitry, Gilbert and Bradley, P.O. Box 1509, Lancaster, Pa. 17604. —J.R.V.

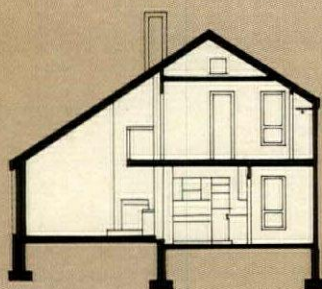
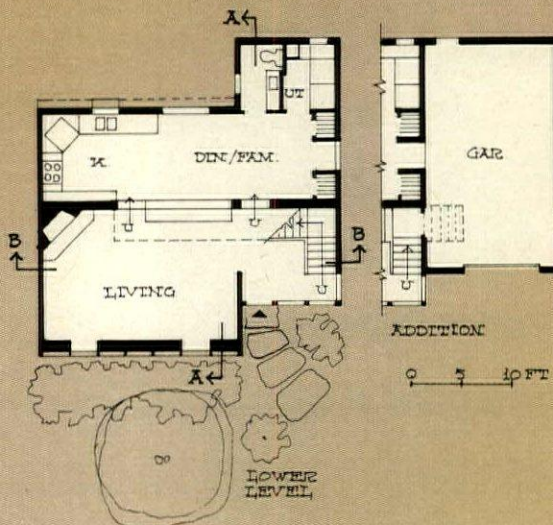
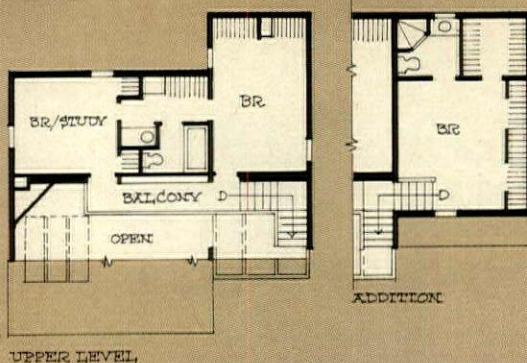
FOR A LOOK AT HOW
THE HOUSE CAN STRETCH,
TURN THE PAGE

THE HOUSE CAN 'GROW' A THIRD BEDROOM

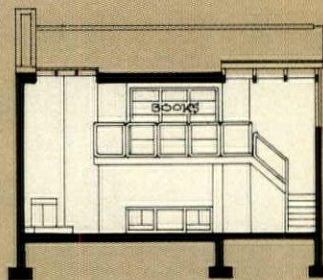
And that third bedroom—as the layout at far right shows—will be a wing unto itself, opening off the stairway landing. This would be an ideal arrangement if an aged parent came to live with a young family. Or the added bedroom and bath could serve as a second master suite should two unrelated persons own the house, or a couple prefer individual privacy.

The basic two-bedroom plan (near right) provides 1,350 sq. ft. of living area. Over half—some 750 sq. ft.—is devoted to the multi-purpose great room shown on the previous page.

Note the absence of windows on the fireplace wall. The house was designed so that two like plans (one reversed) can be linked as a duplex.



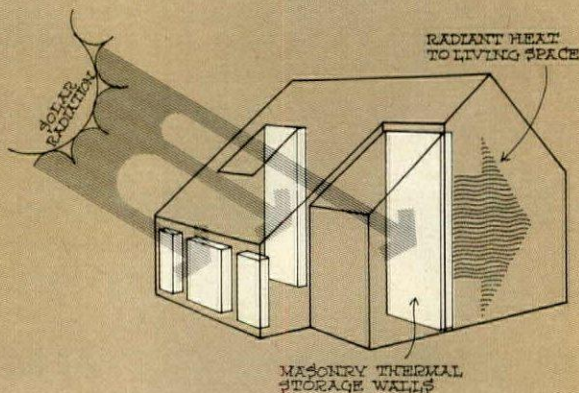
SECTION A-A



SECTION B-B

THE SUN'S HEAT IS STORED IN SPECIAL WALLS

Thermal storage walls collect heat passed through south-facing windows, skylight and green house—then radiate that heat through the house. (Specs offered with architectural drawings show alternate ways of shading the house in the summer.)



WHY A SUCCESSFUL BUILDER LEFT HOMES TO BUILD MINI- WAREHOUSES

Jim Knuppe had always been dead set on being a homebuilder. In the early '60s he worked nights and weekends as a locomotive fireman for the Southern Pacific Railroad so he could pour more equity into the apartment buildings and condominium projects he built weekdays. And when he couldn't afford choice urban lots, Knuppe bought the ones passed by as too steep. The joke among his builder friends was that Knuppe took to the hilly sites so well because he had one leg shorter than the other.

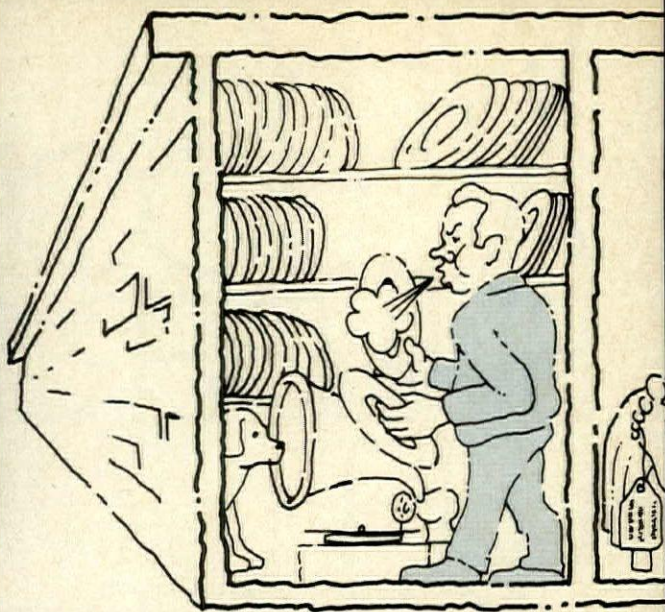
By the late '60s, Knuppe was doing volume townhouse and single family detached projects. But even as he prospered, he became disillusioned with



HOW HE BUILDS THEM



Fortress-like siting at Knuppe's San Leandro, Calif. facility is typical of all his miniwarehouse projects. At 3,069 units and 267,550 sq. ft., this is Knuppe's largest project to date.



HOW THEY PENCIL OUT

Project	Total Sq. Ft.	Units	Gross Annual Income	Annual Expenses	Net Annual Income
Alameda	70,000	1,158	384,000	70,000	314,000
Berkeley	90,000	1,212	384,000	75,000	309,000
San Pablo	53,000	535	222,000	48,000	174,000
Vallejo	65,000	785	201,000	49,000	152,000
Foster City	76,400	1,263	392,000	82,000	310,000
San Leandro ¹	267,550	3,069	504,000	159,000	345,000
Colma	195,000	2,481	864,000	136,000	728,000
Hayward ²	185,000	2,167	58,517	56,000	517
	<u>1,001,950</u>	<u>12,670</u>	<u>3,009,517</u>	<u>675,000</u>	<u>2,332,517</u>

¹ Not fully rented. ² Opened March, 1980. Income projections assume rental of 50 units per month. Figures provided by Knuppe Development Company, San Leandro, Calif.

'WE PUT THEM UP JUST LIKE FORTS'

homebuilding. He didn't like the "hills and valleys every three or four years" and being at the mercy of inflation and interest rates. And it was taking longer and costing more to get a project approved and underway. Add it all up, says Knuppe, "and building homes got to the point where you had to throw a seven every time."

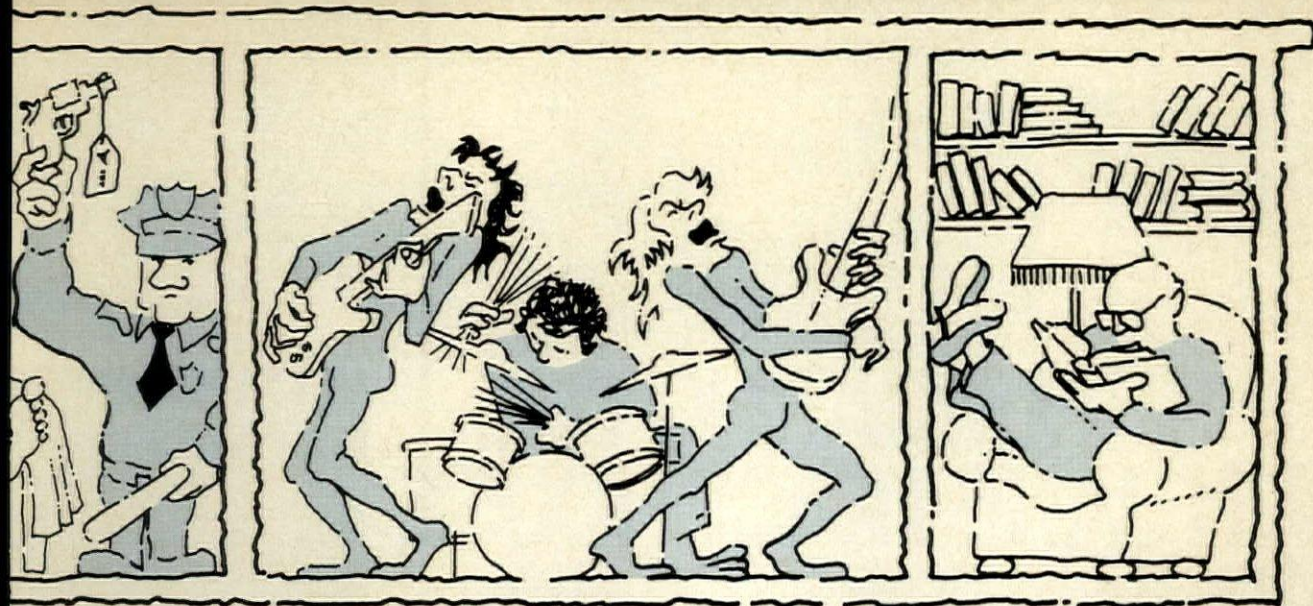
Prime for a change, Knuppe consulted a high—some say the highest—authority: God. Recalls Knuppe, "I sat in my office and prayed, 'Lord, if you want me to be a builder, you better give me something to do.'" The next day, his prayer was answered via a call from a friend in San Francisco who told Knuppe about miniwarehouses.

Knuppe liked what he heard. So he

went back to Him and asked for help in finding three sites in the San Francisco Bay area. What He came up with were Alameda, Berkeley and San Pablo—Knuppe's first projects. Knuppe also looked to Him for financing, and He came through with \$2.5 million. Since those days in 1971, Knuppe has come to regard God as a joint venture partner of sorts.

Some may scoff at Knuppe's dealings with The Divine, but you can't knock the results. Knuppe now owns and operates 13,000 storage units—over one million sq. ft.—which generate some pretty impressive numbers (see "How They Pencil Out," above). What's more, Knuppe says it's a cinch other builders can do the same.

WHO RENTS THEM



FIVE KEYS TO SUCCESS

Debt Service	Net Cash Flow
120,000	194,000
118,000	191,000
68,000	106,000
80,000	72,000
165,000	145,000
370,000	(25,000)
345,000	383,000
315,000	(312,483)
<u>1,581,000</u>	<u>753,517</u>

- 1 Location.** "Stay in close where the population is and pick a visible, highly traveled spot," says Knuppe. "Just off a freeway ramp is good." An area with lots of apartments, townhouses and small homes is usually a plus too.
- 2 Mix.** This varies from market to market, but Knuppe suggests getting in as many 8-by-8 and 10-by-10 units as possible. In high-density urban areas, reserve 20% of capacity for small units. Remember, 3-by-4s get up to \$1 a sq. ft.
- 3 Zoning.** You're best off locating in a commercial or industrial zone. If possible, pick a fire zone 3. That way, you won't have to install fire sprinklers.
- 4 Management.** Knuppe keeps a manager and yard man on duty during business hours which run from 7 a.m. to 7 p.m., seven days a week. His facilities offer storage space only, not handling, care and custody. Offer a month-to-month lease and charge a late fee. Last year, Knuppe collected \$35,000 in late fees alone.
- 5 Financing.** Tough to get, but builders with a proven track record should manage. This can work to builders' favor by keeping out quick-buck artists who lack the lender contacts of an experienced builder.

"It's just like building a large barn and dividing it up," he says. Except in this case, the barn is one or two stories high, about 20 ft. wide and up to 1,000 ft. long. Knuppe uses a concrete slab foundation and wood-frame construction, but says steel, concrete or block walls work just as well. Finally, he tops his buildings with a 24-gauge steel roof system which clips together.

Drywall partitions divide the interior of Knuppe's "barns" into units ranging from 3 ft. by 4 ft. to 10 ft. by 30 ft. The unit-size mix varies according to the storage needs of a particular market, but overall about 50% of Knuppe's units are under 100 sq. ft. and the average is 70 sq. ft. Units rent for an average of forty-six cents a

sq.-ft. with the 3 by 4 units fetching up to \$12 a month and the 10 by 30s up to \$98. Excluding land, construction costs come in around \$10 a sq. ft.

To tighten security, the buildings in his projects are arranged in a fort-like perimeter. An electronically controlled steel gate provides the one means of entry and exit. And to bring traffic to this gate, Knuppe relies on a good location and an eye-catching sign, such as the one that caught the eye of a local television station. Seems Knuppe's storage facility bordered the entrance to a cemetery, giving new meaning to his large sign which reads "Rent-a-space \$5 and up."

About 75% of Knuppe's customers are businesses; the other 25%, people

in transit or in possession of more goods than space to store them. Among the items kept in his self-service storage units are: evidence for police files; cadavers in transit between morgues; old furniture and record collections; and, records and equipment for a telephone company and local utilities. One man keeps a bookcase, lamp, chair and ottoman in his 6-ft. by 10-ft. unit where he comes for the peace and quiet he needs to read. And until recently, Knuppe played landlord to several rock bands which rented spaces for practice sessions.

Now Knuppe says there's little chance he'll ever go back to home-building. Unless, of course, his joint venture partner wills it. —W.L.U.



Original house (above) had already had garage converted to living area when photo was taken. New stone-and-wood facing (right) replaces original CBS facade.



UPDATING THE PLAIN-JANE TRACT HOUSE

This house could have been built in any of countless subdivisions across the country.

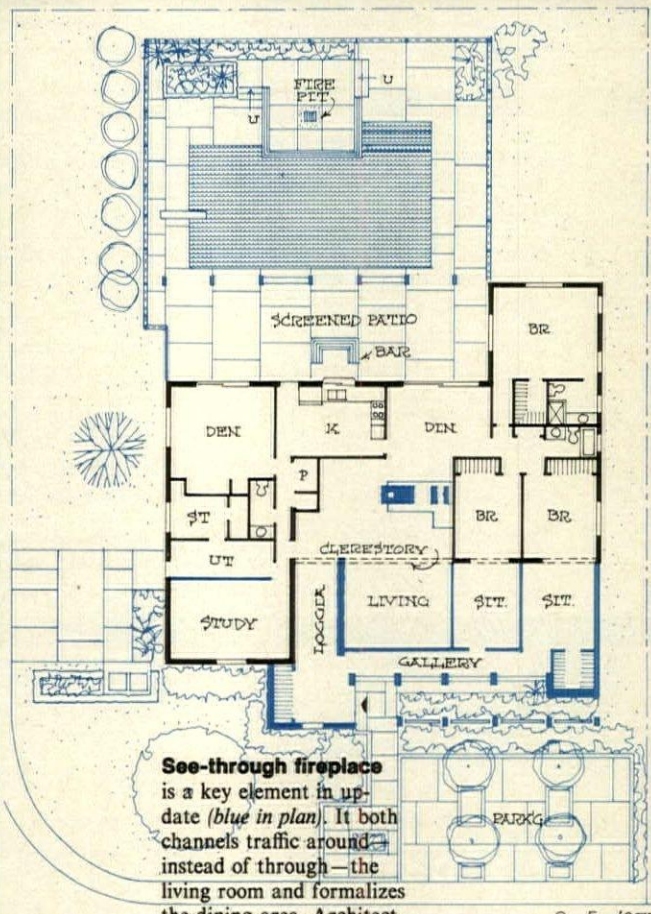
For it's a plan that was popular with upwardly-mobile homebuyers during the 1950s, offering such desirable features as a master suite, a guest lav and an "extra" room (a den in the house shown here) that could double as a spare bedroom.

It's also a plan that many of today's more sophisticated buyers would find unacceptable. For the entry opened directly into the living room, which then became a corridor to all other rooms (see plan at right).

This house had already undergone one change—a conversion of the original garage into a study and utility room—when Miami architect Barry Sugerman was asked to "do something to hide the lav from the front door."

His solution—popping out the front of the house—created the spacious living room shown at right and the high-style "loggia" and glass-walled gallery shown on the next page. The gallery, as the plan shows, leads directly to the enlarged secondary bedrooms, creating separate adult and children's zones.

By updating the plan this way, the owner was able to realize a handsome profit when he recently sold the house for \$250,000. For the original construction price (the house was built in Miami in the 1950s by a homebuilder for his own use) was \$25,000. And the update, including swimming pool, enlarged screen patio, living-room fireplace and new stone-and-wood facing on all elevations—cost \$85,000. —JUNE R. VOLLMAN



See-through fireplace is a key element in update (blue in plan). It both channels traffic around instead of through—the living room and formalizes the dining area. Architect Sugerman was able to extend the new entry beyond the existing facade because the house was originally sited back from the normal setback lines.

THE JOB AVERAGED OUT AT ABOUT \$50 PER-SQ.-FT.



Three-way impact in \$85,000 update job comes from (1) a glass-walled gallery (*above*), which is shielded from the street by landscaping and wood fencing; (2) a dramatic "loggia" (*top right*), which channels traffic from the entry to the new living room; and (3) a luxurious outdoor living area consisting of a new swimming pool, a fire pit and an enlarged screened patio. About \$30,000 of the update cost went for the outdoor work.

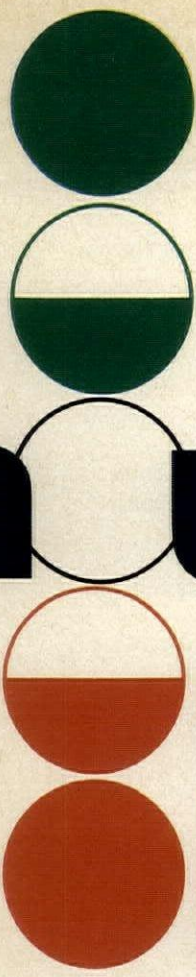


PHOTOS: DAN FORER

Extended living room (below) is shown looking toward added space. It features a raised ceiling and is lit by clerestories that run above the entire length of the tie beam (dotted line in plan), also providing light for the expanded secondary bedrooms. New living room space is separated from the gallery (photo next page) by a bookcase wall that's left lower than the ceiling to add an extra feeling of spaciousness to the room.

PHOTOS: DAN FORER





housing demand index[®] Fourth quarter, 1980

The recession may have bottomed out, but it will take time for the building industry to fully recover from its wounds.

Demand for housing has dropped off in 57 of the 119 SMSA's (standard metropolitan statistical areas) charted in this quarter's housing demand index. Forty-six markets are rated below average—the highest proportion in the history of the ratings.

"It will take a while for these markets to recover from consumers' current loss of income," says Al Gobar, the California-based market analyst who prepares the index.

And, he adds, "Inflation is coming back to haunt us. I don't see interest rates climbing as high as they did last spring, but there could be enough fluctuation to cause some lenders to back off."

Gobar predicts that cities in the Great Lakes region will be slowest to rebound. Their ties to the auto industry and other heavy manufacturing make them particularly recession-sensitive. Some of the sickest markets: Cleveland; Detroit; and Buffalo. All three are scored solid red across the board.

Also suffering are cities with ties to the wood-products industry. Casualties include

Portland, Ore., Eugene-Springfield, Ore. and Tacoma, Wash.

Most likely to bounce back fast: the growing cities of the Sunbelt and West.

These areas of the country can, in fact, still boast of markets enjoying excellent health. One example: Dallas. An increase in employment opportunities is fueling demand in "The Big D." Oklahoma City, San Antonio, and San Jose are other high-rated warm weather SMSA's.

Another pocket of strength is in the chilly Northeast: Worcester and Boston, Mass. both score above average.






Boston, incidentally, is one of three markets new to the index this quarter. The other two: Detroit and Philadelphia. (Melbourne, Fla., Santa Cruz and Vallejo, Calif. have been dropped.)

Rising costs, outstripping increases in consumers' incomes, continue to plague many of the markets analyzed. San Francisco, Atlanta, Las Vegas, and Minneapolis, are widely separated cities suffering from this malady. (Markets with a price/pocketbook mismatch are indicated by a red circle or half-circle in the "demand by purchase power" columns.)

—BARBARA BEHRENS GERS

How to read the index

Five symbols are used:

-  A green full circle indicates a very strong market with significant pent-up demand.
-  A green half-circle indicates a better than average situation, with demand increasing faster than supply.
-  A white circle indicates the market is in relative equilibrium—that is, supply and demand are increasing at about the same rate.
-  A red half-circle indicates a poorer than average situation, usually an overbuilt market.
-  A red full circle indicates a very poor situation that could be overbuilt by as much as two years.

Each SMSA is evaluated three ways:

1. Degree of opportunity—in effect, a summation of all factors affecting the market.
2. Demand by units—just what it says.
3. Demand by purchasing power—the relative ability of the market to pay current prices or rents.

Each of these categories is in turn divided into three sub-categories:

1. All housing in the SMSA.
2. For-sale housing—single-family detached and some mid- and high-priced condos.
3. For-rent housing—rental apartments and some low-priced condos.

To make best use of the index, keep these points in mind

- Point #1:** The chart's simplified symbols represent complex statistics, so they provide only a general picture. A builder, no matter how high his market is rated, must still analyze his own situation very carefully.
- Point #2:** The reports indicate the degree of risk in a given SMSA rather than the number of housing units that can be built there. A large SMSA with a poor rating would still support more new housing than a smaller SMSA with an excellent rating. But the relative degree of risk for the developer or lender would be much greater in the larger SMSA.
- Point #3:** The reports are projective, not historical. That is, they forecast demand 12 to 18 months ahead rather than describing the situation as it stands. An SMSA may have strong sales or low vacancies but still be a poor risk; building-permit figures may indicate imminent oversupplies. Conversely, an SMSA that looks bad on the surface today may actually be turning around and getting healthy.
- Point #4:** The reports are for the SMSA as a whole. A low-rated market may offer good opportunities for specific kinds of housing in specific locales. On the other hand, a high rating does not guarantee success for the wrong product in the wrong location.

Albany revives a bit this quarter, but its long-term prospects are unclear. "The SMSA's economy is unstable right now," says Gobar.

Albuquerque gets down-rated. The problem: fast-rising house prices.

Austin slips a notch. In recent months the growth in supply has outpaced the growth of demand. Gobar is concerned about the price of new housing, too. "It's high in proportion to family incomes," he says, "particularly when compared with other Texas and Oklahoma markets."

Bakersfield looks less promising because pent-up demand is being worked off. New industrial construction may be setting the stage for an upsurge in employment, though.

Baton Rouge declines. The local economy is looking a bit healthier, but builders are still delivering housing at a far faster rate than called for.

Boise hits bottom. Measures of commercial and industrial employment growth have plummeted.

Boston has been overlooked by many builders and developers because of poor performance in the past. But, says Gobar, this SMSA has shown surprising strength during the past few years. The housing market is as good now as it has been anytime since 1968, when Gobar first analyzed it.

Cincinnati has deteriorated. There is more housing in the pipeline than buyers will be able to afford.

Colorado Springs is softening. A note for non-res builders: There's now more commercial development in this SMSA than Gobar thinks it can support.

Columbus is rated higher this quarter, but the market is still not strong. The local economy shows little vitality.

Dallas is shaping up as a dream market. Over the last 12 months, the rate of non-agricultural employment growth has been 45% higher than the average over the last ten years. The situation is even sweeter because housing in Dallas is priced within reach of most consumers.

SMSA (Market Area)	DEGREE OF OPPORTUNITY			DEMAND BY UNITS			DEMAND BY PURCHASING POWER		
	ALL HOUSING	FOR SALE	FOR RENT	ALL HOUSING	FOR SALE	FOR RENT	ALL HOUSING	FOR SALE	FOR RENT
AKRON, OH	●	●	●	●	●	●	●	●	●
ALBANY, NY	○	○	○	○	○	○	○	○	○
ALBUQUERQUE, NM	◐	◐	○	◐	◐	◐	○	○	◐
ALLENTOWN, PA	◐	◐	◐	◐	◐	◐	○	○	○
ANAHEIM, CA	◐	◐	◐	●	●	●	○	○	◐
ANN ARBOR, MI	◐	◐	◐	◐	○	◐	◐	◐	◐
ATLANTA, GA	◐	◐	◐	◐	○	◐	◐	◐	◐
AUGUSTA, GA	○	○	○	○	◐	◐	○	○	○
AUSTIN, TX	○	○	○	◐	◐	○	○	○	◐
BAKERSFIELD, CA	○	○	○	○	○	○	○	○	○
BALTIMORE, MD	◐	◐	●	●	◐	●	○	○	●
BATON ROUGE, LA	○	○	○	○	○	○	○	○	○
BIRMINGHAM, AL	◐	◐	◐	◐	◐	◐	◐	◐	◐
BOISE, ID	●	●	●	●	●	◐	●	●	●
BOSTON, MA	◐	◐	○	◐	●	○	◐	◐	○
BUFFALO, NY	●	●	●	●	●	●	●	●	●
CANTON, OH	●	●	●	●	●	●	●	●	●
CHARLESTON, SC	○	○	○	○	○	○	○	○	○
CHARLOTTE, NC	◐	◐	◐	◐	◐	◐	○	○	◐
CHATTANOOGA, TN	◐	◐	◐	◐	◐	◐	○	○	○
CHICAGO, IL	◐	◐	◐	◐	○	◐	◐	◐	●
CINCINNATI, OH	◐	◐	◐	◐	○	◐	◐	◐	◐
CLEVELAND, OH	●	●	●	●	●	●	●	●	●
COLORADO SPRINGS, CO	○	○	○	○	○	○	○	○	○
COLUMBIA, SC	◐	◐	◐	◐	◐	◐	○	◐	◐
COLUMBUS, GA	○	○	○	○	○	○	○	○	○
COLUMBUS, OH	○	○	◐	○	◐	◐	○	◐	◐
CORPUS CHRISTI, TX	◐	◐	◐	◐	◐	◐	◐	◐	◐
DALLAS-FORT WORTH, TX	●	●	◐	◐	●	◐	●	●	○
DAVENPORT-ROCK ISLAND, IA-IL	●	●	●	●	●	●	●	●	●

Dayton continues to be a risky market.

Daytona Beach picks up speed. Gobar warns, however, that delivery of housing over the past year has been more than enough to meet local demands. If the recent upturn in this market's capacity doesn't continue, there will be an oversupply again.

Detroit's industrial demand index is going down faster—and farther—than it did during the 1974-75 recession. Demand for housing follows suit.

El Paso has plenty of pent-up demand, especially for single-family housing.

Eugene-Springfield has fallen far from favor. Dislocations in the wood-products industry have disrupted the SMSA's economy.

Fresno's housing prices are beginning to rise much faster than buyers' incomes, but there are still opportunities for homebuilders in this market. There may not be as much potential in the non-res sector, though—industrial construction has outpaced demand, according to Gobar.

Gary is a poor prospect, but its problems could be worse, Gobar says. For one thing, the leading indicators aren't plummeting as fast as in such auto-industry cities as Flint, Mich. For another, new construction has practically ceased, which should head off a cancerous oversupply.

Houston is soft. The SMSA's economic growth is sluggish, but new housing is being delivered at a fast clip—faster than slowed growth in demand justifies.

Jacksonville's growth continues to tail off.

Kansas City has problems: Employment growth is down, but the construction rate isn't.

Lexington's economy has stumbled, just as the cost of new apartments has shot up.

Little Rock loses momentum. There's pent-up demand left in this market, but it's no longer growing fast.

SMSA (Market Area)

	DEGREE OF OPPORTUNITY			DEMAND BY UNITS			DEMAND BY PURCHASING POWER		
	ALL HOUSING	FOR SALE	FOR RENT	ALL HOUSING	FOR SALE	FOR RENT	ALL HOUSING	FOR SALE	FOR RENT
DAYTON, OH	○	○	○	○	○	○	○	○	○
DAYTONA BEACH, FL	○	○	○	○	○	○	○	○	○
DENVER, CO	○	○	○	○	○	○	○	○	○
DES MOINES, IA	○	○	○	○	○	○	○	○	○
DETROIT, MI	○	○	○	○	○	○	○	○	○
EL PASO, TX	○	○	○	○	○	○	○	○	○
EUGENE-SPRINGFIELD, OR	○	○	○	○	○	○	○	○	○
FLINT, MI	○	○	○	○	○	○	○	○	○
FORT LAUDERDALE, FL	○	○	○	○	○	○	○	○	○
FRESNO, CA	○	○	○	○	○	○	○	○	○
GAINESVILLE, FL	○	○	○	○	○	○	○	○	○
GARY, IN	○	○	○	○	○	○	○	○	○
GRAND RAPIDS, MI	○	○	○	○	○	○	○	○	○
GREENSBORO, NC	○	○	○	○	○	○	○	○	○
GREENVILLE, SC	○	○	○	○	○	○	○	○	○
HARRISBURG, PA	○	○	○	○	○	○	○	○	○
HARTFORD, CT	○	○	○	○	○	○	○	○	○
HONOLULU, HI	○	○	○	○	○	○	○	○	○
HOUSTON, TX	○	○	○	○	○	○	○	○	○
HUNTSVILLE, AL	○	○	○	○	○	○	○	○	○
INDIANAPOLIS, IN	○	○	○	○	○	○	○	○	○
JACKSON, MS	○	○	○	○	○	○	○	○	○
JACKSONVILLE, FL	○	○	○	○	○	○	○	○	○
KANSAS CITY, MO-KS	○	○	○	○	○	○	○	○	○
KNOXVILLE, TN	○	○	○	○	○	○	○	○	○
LANSING, MI	○	○	○	○	○	○	○	○	○
LAS VEGAS, NV	○	○	○	○	○	○	○	○	○
LEXINGTON, KY	○	○	○	○	○	○	○	○	○
LINCOLN, NE	○	○	○	○	○	○	○	○	○
LITTLE ROCK, AR	○	○	○	○	○	○	○	○	○

Lubbock looks more sluggish. It's a good market for a project aimed at move-up buyers, though. Purchasing power is high relative to house prices.

Miami slips slightly, but the downturn's not of worrisome proportions. Moreover, there are unmeasurable elements which are probably boosting demand in this SMSA—namely, a subterranean economy and Latin Americans coming into the area to buy second homes.

Milwaukee has deteriorated. The SMSA's economy is mature—i.e., little new industry or in-migration of industry—so it is particularly sensitive to recession. Gobar notes that the current downturn in demand for housing here is the first since 1974.

Minneapolis-St. Paul's buyers are being frustrated by house prices which are high, relative to their incomes. What's more, growth in demand has crested.

Mobile's not growing as rapidly as it did between 1975 and 1978. There's still a great deal of unexploited purchasing power in this market, however, so well-designed move-up housing should sell.

Nashville's hit a snag: More housing is coming on stream now than can be readily absorbed. Says Gobar: "There are still winners in Nashville, but builders will be finding the market much more competitive than it was just a few months ago."

Omaha shows slackened demand, but plenty of purchasing power in the single-family sector. The solution: Build a product that will entice affluent families to move up.

Philadelphia's principal opportunities lie in for-sale housing for discretionary buyers. Purchases will be made on the basis of product design, tempting lifestyle, etc., since there's no undersupply of housing in this market.

Portland's economy is in a tailspin, according to Gobar. The reason: reduced levels of activity in the wood-products industry.

Providence offers far fewer opportunities than it did a year or two ago: The supply of housing has increased while the demand has lessened.

SMSA (Market Area)

SMSA (Market Area)	DEGREE OF OPPORTUNITY			DEMAND BY UNITS			DEMAND BY PURCHASING POWER		
	ALL HOUSING	FOR SALE	FOR RENT	ALL HOUSING	FOR SALE	FOR RENT	ALL HOUSING	FOR SALE	FOR RENT
LOS ANGELES-LONG BEACH, CA	●	●	●	●	●	●	○	●	●
LOUISVILLE, KY	○	○	○	○	○	○	○	○	○
LUBBOCK, TX	●	●	○	●	●	●	●	●	●
MADISON, WI	○	●	●	●	●	●	○	●	●
MEMPHIS, TN	●	●	●	●	●	●	●	●	●
MIAMI, FL	○	●	○	○	●	○	●	○	●
MILWAUKEE, WI	○	○	●	○	●	●	●	○	●
MINNEAPOLIS-ST. PAUL, MN	●	●	●	○	●	●	●	●	●
MOBILE, AL	○	●	○	○	○	○	●	●	●
MODESTO, CA	○	○	○	●	○	●	○	○	●
NASHVILLE, TN	○	○	●	○	○	○	●	●	●
NEW BRUNSWICK, NJ	○	○	●	●	●	●	●	○	●
NEW HAVEN, CT	●	○	●	○	○	○	●	●	●
NEW ORLEANS, LA	○	○	○	○	●	○	●	●	●
NEWARK, NJ	○	●	○	●	●	○	●	●	●
NEWPORT NEWS, VA	○	○	●	○	○	○	●	○	●
NORFOLK, VA	●	●	●	●	○	○	●	●	●
OKLAHOMA CITY, OK	●	●	●	●	●	●	●	●	○
OMAHA, NE	●	○	●	●	●	●	●	●	●
ORLANDO, FL	●	●	○	●	●	●	○	●	●
PENSACOLA, FL	●	○	●	●	○	●	●	○	●
PEORIA, IL	●	●	●	●	●	●	●	●	●
PHILADELPHIA, PA	○	●	●	○	○	○	●	●	●
PHOENIX, AZ	○	○	○	○	○	●	○	○	●
PITTSBURGH, PA	●	●	○	●	●	○	●	○	●
PORTLAND, OR	○	●	●	○	●	○	○	●	●
PROVIDENCE, RI	●	○	●	●	○	●	○	○	○
RALEIGH, NC	●	●	○	●	●	○	○	●	●
RENO, NV	●	○	●	●	●	●	●	●	●
RICHMOND, VA	●	●	○	●	●	○	○	○	○

Rochester's economy has become very unstable.

Sacramento has been a fairly recession-proof market because of a high proportion of government employment. The fly in the ointment: skyrocketing apartment prices.

San Francisco's weakness, according to Gobar: housing prices that are "extraordinary" in relation to consumers' incomes.

San Jose still has a shortage of housing. Meanwhile the rate of new building permit authorizations has dropped off sharply. Prices continue to be high, but the gap between prices and prospective buyers' incomes is not widening as fast as it had been. One reason: an increased proportion of attached for-sale housing, especially within the city limits.

Seattle is an excellent market. Gobar notes that there are a great many multi-family units under construction now, and he thinks they will be absorbed. "What people really want is single-family housing, however," he says.

Syracuse shows a diminished demand for housing, but new homes continue coming to market. Gobar says there is potential for a substantial oversupply in this SMSA.

Tacoma's economy has been affected by the troubles of the wood-products industry. There should still be buyers for sites within commuting distance of Seattle, however.

Tulsa's market is still very strong, but Gobar sees evidence of some erosion. For example, there has been substantial development of apartments more expensive than many consumers can afford.

Wichita's rating is unchanged, but there are some clouds gathering on the horizon. There has been a decrease in industrial activity in this SMSA, for one thing—the first such dip since 1977. For another, there's been some erosion in consumers' ability to pay the price of available housing.

SMSA (Market Area)

	DEGREE OF OPPORTUNITY			DEMAND BY UNITS			DEMAND BY PURCHASING POWER		
	ALL HOUSING	FOR SALE	FOR RENT	ALL HOUSING	FOR SALE	FOR RENT	ALL HOUSING	FOR SALE	FOR RENT
ROCHESTER, NY	○	○	○	○	○	○	○	○	○
SACRAMENTO, CA	○	○	○	○	○	○	○	○	○
ST. LOUIS, MO	○	○	○	○	○	○	○	○	○
SALINAS-MONTEREY, CA	○	○	○	○	○	○	○	○	○
SALT LAKE CITY, UT	○	○	○	○	○	○	○	○	○
SAN ANTONIO, TX	○	○	○	○	○	○	○	○	○
SAN DIEGO, CA	○	○	○	○	○	○	○	○	○
SAN FRANCISCO-OAKLAND, CA	○	○	○	○	○	○	○	○	○
SAN JOSE, CA	○	○	○	○	○	○	○	○	○
SANTA BARBARA, CA	○	○	○	○	○	○	○	○	○
SANTA ROSA, CA	○	○	○	○	○	○	○	○	○
SARASOTA, FL	○	○	○	○	○	○	○	○	○
SEATTLE, WA	○	○	○	○	○	○	○	○	○
SHREVEPORT, LA	○	○	○	○	○	○	○	○	○
SPOKANE, WA	○	○	○	○	○	○	○	○	○
SPRINGFIELD-CHICOPEE, MA	○	○	○	○	○	○	○	○	○
STOCKTON, CA	○	○	○	○	○	○	○	○	○
SYRACUSE, NY	○	○	○	○	○	○	○	○	○
TACOMA, WA	○	○	○	○	○	○	○	○	○
TALLAHASSEE, FL	○	○	○	○	○	○	○	○	○
TAMPA-ST. PETERSBURG, FL	○	○	○	○	○	○	○	○	○
TOLEDO, OH	○	○	○	○	○	○	○	○	○
TUCSON, AZ	○	○	○	○	○	○	○	○	○
TULSA, OK	○	○	○	○	○	○	○	○	○
WASHINGTON, DC	○	○	○	○	○	○	○	○	○
WICHITA, KS	○	○	○	○	○	○	○	○	○
WILMINGTON, DE	○	○	○	○	○	○	○	○	○
WORCESTER, MA	○	○	○	○	○	○	○	○	○
YOUNGSTOWN, OH	○	○	○	○	○	○	○	○	○

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WHAT MAKES US A CHAMPION

PART 6: OUR PRODUCTS

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High-cost energy fuels market for wood-heaters

With conventional heating costs on the rise, homeowners will continue to look for ways to keep their energy bills as low as possible. One help: Wood-burning heating systems.

Offer them to prospects as an amenity as well as a money-saver; manufacturers are making them both more fuel-efficient and more attractive.

Here and on the next four pages, you'll see:

Heat-circulating fireplaces with pipes and blowers that recirculate heat trapped behind firebox;

Furnaces with ducting that provide primary or back-up heating;

Woodstoves that heat space and/or provide cooking surfaces;

Fireplace inserts that convert fireplaces into circulators or stoves.

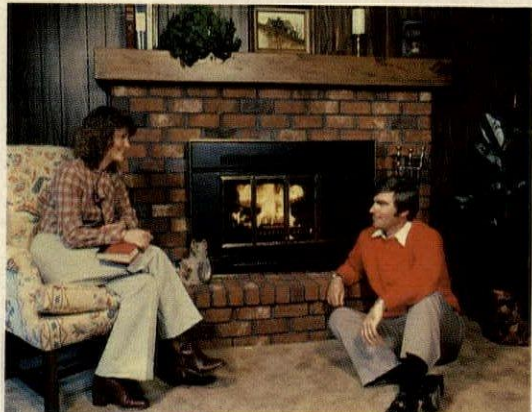
—JENNIFER A. WAGNER



Combination unit (above), the "Combi-therm," can function as a fireplace, woodstove or hot-air furnace. Clivus Multrum, USA. Circle 200 on reader service card

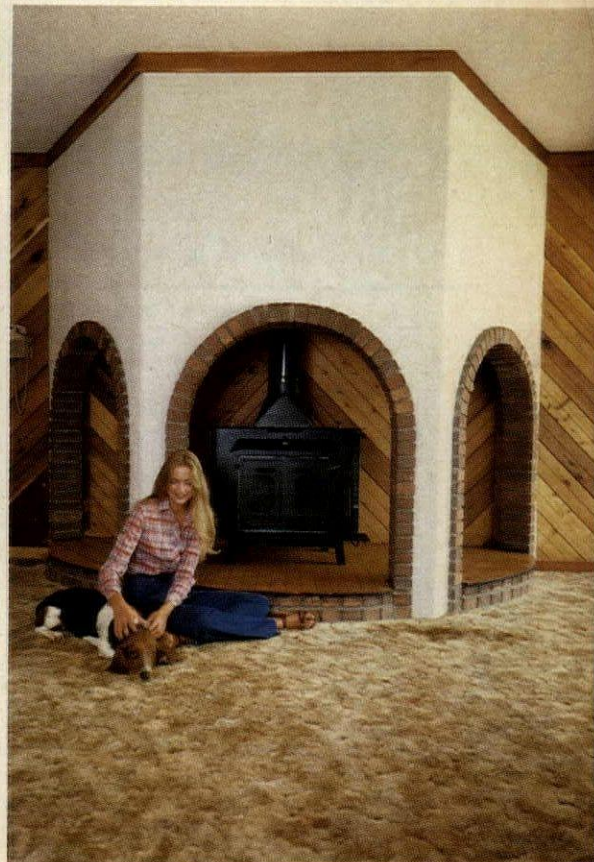


Heavy-gauge steel woodstove (left) heats about 1500 sq. ft. Two cooking shelves offer a choice of temperatures. Unit takes logs up to 20'' long. Fisher. Circle 201 on reader service card



Fireplace insert shown in use above, converts masonry fireplaces into heat circulators. Unit features front-control flue damper. Preway. Circle 202 on reader service card

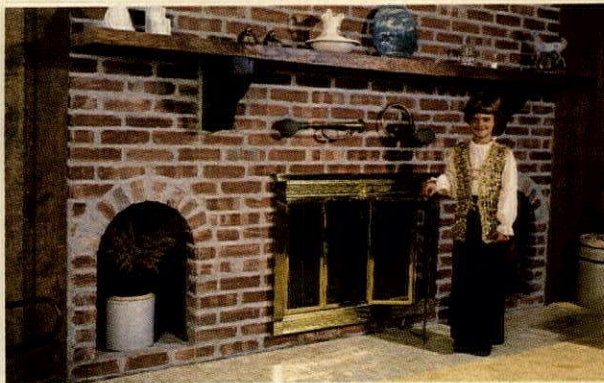
Solid-steel woodstove (right), available in three sizes, has triple-wall construction. Also available: similar units for fireplace installation. Smoky Mountain Enterprises. Circle 203 on reader service card



PRODUCTS

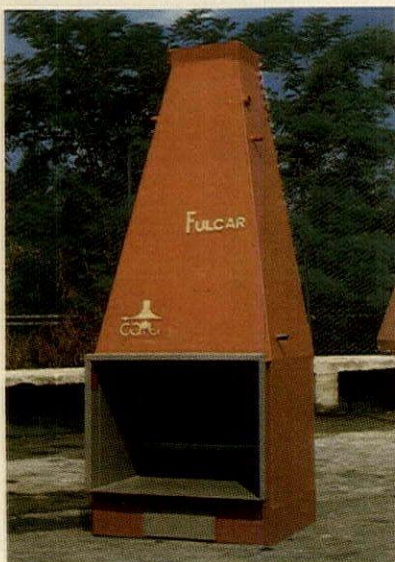
Doors/windows 74
Kitchens 72
Structural 76
Woodstoves 67

FIREPLACES



Tempered-glass fireplace enclosure (above) reduces heat loss by reducing air flow through chimney by up to 90%. The $\frac{3}{16}$ "-thick glass door is framed with welded steel. ThermoRite. Circle 206 on reader service card

Forced-air fireplace/furnace (left) includes a heat exchanger, six-ft. flue section, insulation and glass doors with screen. Energy Savers. Circle 205 on reader service card

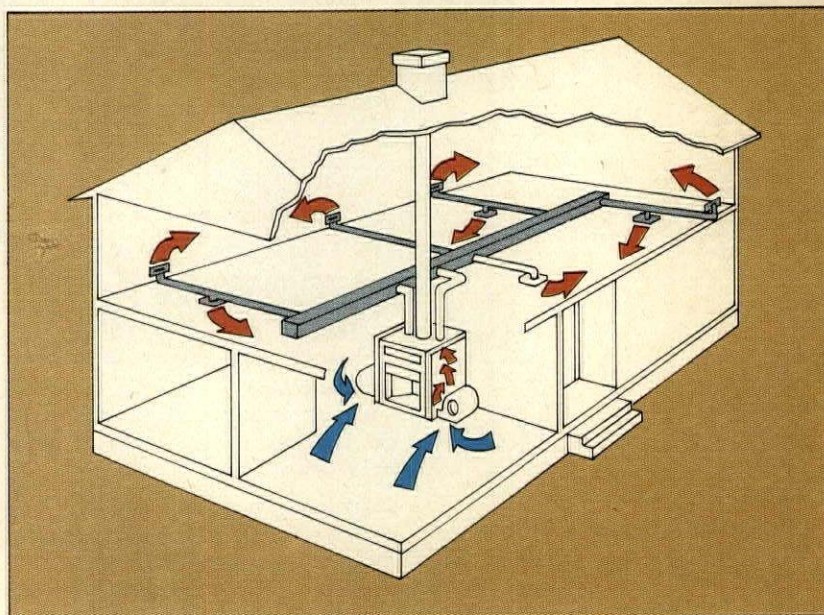


Combination fireplace/boiler (above) captures air escaping through chimney, using it to heat water for space heating and domestic use. Residential and commercial models are offered. CAIT. Circle 207 on reader service card



Heat-circulating fireplace, shown in drawing above right comes in three models: 28", 36" and 42". The 36" model can heat a house of up to 2,500 sq. ft. by circulating "lost" heat through existing ducts. National. Circle 208 on reader service card

Fireplace/heating system hooks into existing system (see schematic at right). The thermostatically-controlled unit may be used as primary or back-up system. IN-FURN-O™ is packaged as a complete kit that includes ductwork and insulation. Two sizes are available to heat areas from 1,400 to 2,200 sq. ft. IN-FURN-O. Circle 209 on reader service card

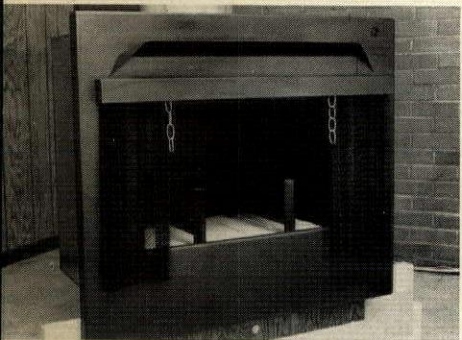


FURNACES



Easy-to-install Majic heat circulator™ (shown installed above), includes built-in air grilles, eliminating the need for separate ductwork. Majestic. Circle 210 on reader service card

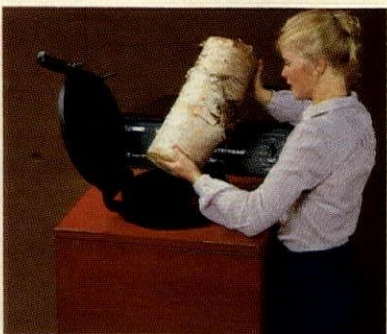
The "Furnaceplace" system (below) is specifically designed for installation into mobile homes. Unit requires little floor space. Airmax. Circle 211 on reader service card



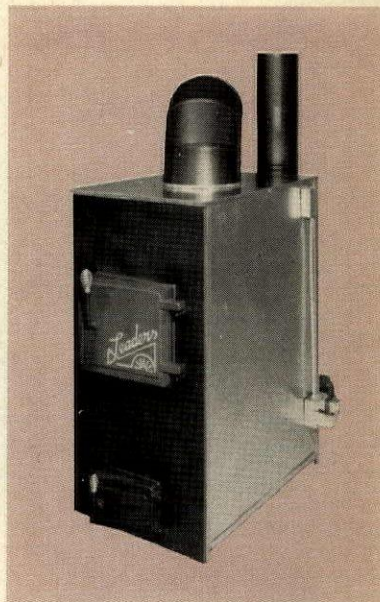
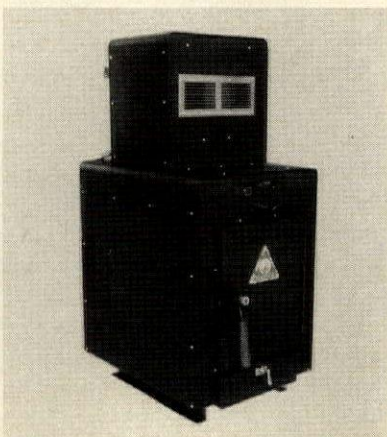
Air-circulating Fire-A-Lator (above) includes ribbed steel firebox and built-in downdraft shelf and smoke chamber. Superior. Circle 215 on reader service card



Woodburning furnace (above) may be installed as primary or supplemental heat source. Unit includes a positive pressure blower for circulation of up to 750 cu. ft. per min. Furnace operates for up to 12 hours on a single fueling. Features include heat shield on doors, replaceable filters, fiber glass insulated cabinet. Ashley. Circle 212 on reader service card



Wood-fired central heating system (above) is designed to be compatible with solar, hot-air and hot-water systems. Unit has an insulated heat-storage system that delivers heat when needed. Hampton. Circle 214 on reader service card



Furnace add-on (above) has two combustion chambers to burn both wood and gases that normally are lost up the chimney. Unit shown is designed to heat larger homes; smaller models are available. All models include a firebrick grate, cast-iron loading doors with insulated seals and removable ash pan. Leaders. Circle 213 on reader service card



Supplemental heating system (above) is designed to be hooked into existing oil and gas forced-air upflow furnace systems. Unit burns wood or coal. Thermostatically-controlled unit is U.L.-listed. Heating chamber capacities range from 50 to 100 lbs. of wood. Monarch. Circle 216 on reader service card

Add-on furnace (left) connects into existing duct system, but it can also function as a free-standing space heater. Unit, which burns any solid fuel, includes copper-finned heat exchanger, blower, and downdraft combustion chamber. Multi-Fuel. Circle 217 on reader service card

WOODSTOVES



Combination woodstove/fireplace (above) is air-tight when cast-iron doors are shut. Firebox capacity is 25 to 35 lbs. with burning range of 14,000 to 64,000 BTU's. Garrison. Circle 249 on reader service card



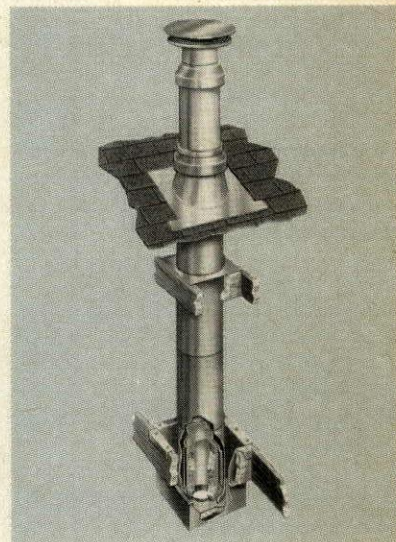
Air-circulating woodstove (right) can operate up to 12 hours on one fuel load. Unit includes panel with woodgrain finish, gold-mesh grill and enamel finish. King. Circle 250 on reader service card



Steel-plated woodstove (above), with cast-iron doors, is available in four sizes. Features include adjustable legs and a choice of top or rear venting. Hutch. Circle 251 on reader service card



Thermostat-controlled fireplace/stove (above) comes in 38'' and 77 $\frac{1}{4}$ ''-high models. Unit burns coal or wood. Covinter. Circle 254 on reader service card



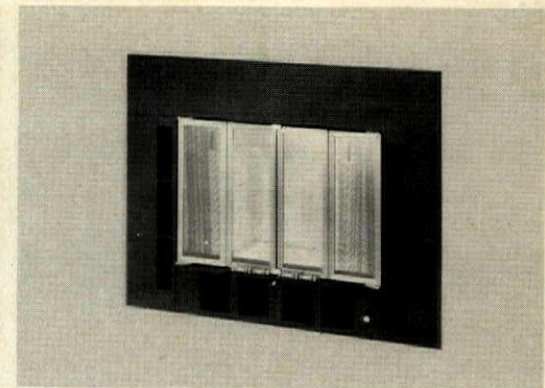
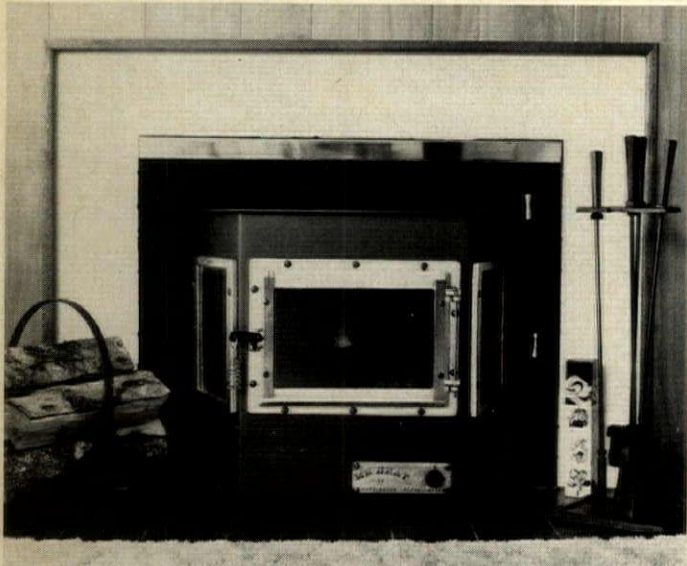
Refractory-lined chimney (drawing above) for woodstove systems prevents fires by preventing creosote build-up. Van-Packer. Circle 255 on reader service card



Freestanding fireplace/stove (right), with triple-wall construction and 12-gauge steel firebox, requires only 11 $\frac{1}{2}$ '' wall clearance for installation. Thermograte. Circle 253 on reader service card

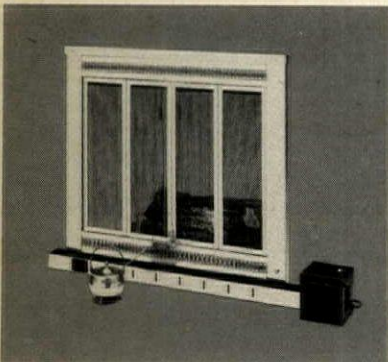


FIREPLACE INSERTS



Heat-circulating insert system (above), with glass doors, blower and grate, produces up to 70,000 BTU's/hr. Wood-side Fireplaces. Circle 256 on reader service card

Hexagon-shaped circulator (as shown at left) can be installed as an insert or freestanding fireplace. Washington Stove Works. Circle 257 on reader service card



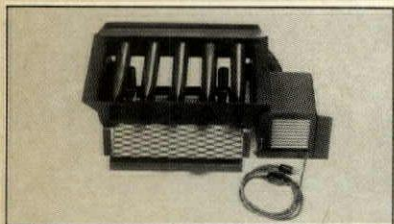
Brass-framed heat exchanger (above) has motor box that can be attached on either side for installation. Unit produces up to 20,000 BTU's and circulates air at 60 sq. ft. per min. Pacific Fireplace Furnishings. Circle 258 on reader service card



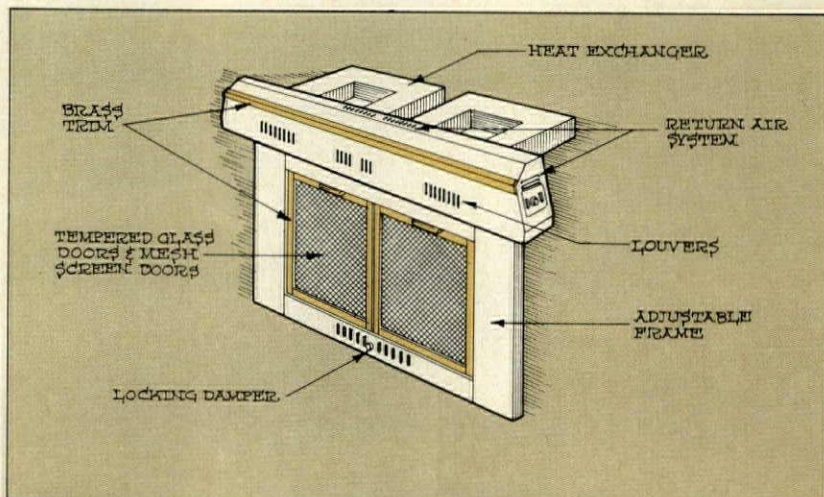
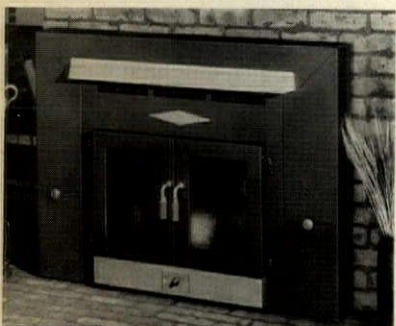
Heat-circulating fireplace insert (above) has a deflector panel at top of unit that directs heat into room. Standard features include cast-iron doors, nickel-plated trim and firescreen. Woodland Stoves. Circle 260 on reader service card



Portable heat exchanger is designed to fit into masonry fireplaces, as shown above. Unit features built-in cooking shelf. The insert has double-wall construction and two fans. Don's Fireplace Furnace Co. Circle 259 on reader service card



"Hearth Furnace" circulator (above), with five heat exchanger tubes, replaces conventional woodgrate. Morton Metalcraft. Circle 261 on reader service card



"The Hearth Heater," shown in diagram above, will fit into any 28" to 46"-wide masonry fireplace. Two-speed blower is activated when twin heat exchangers reach 110° F. Duo-Therm. Circle 262 on reader service card

Slide-in fireplace insert, shown installed at left, plugs into any 110-volt outlet. The "Woodmaster" unit has a double-walled, 14-gauge steel firebox. Suburban. Circle 263 on reader service card



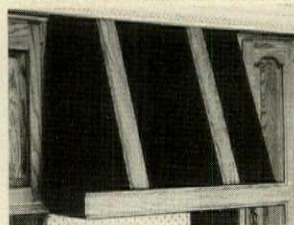
"Astra" cabinetry (above) has golden oak drawer and door pulls. The Excelite™ plastic laminate surface comes in white, almond and golden oak. Excel. Circle 226 on reader service card

Two-handle bar faucet (right) has acrylic knobs. Spout is finished with polished chrome. Flow-Rator™ device at end of spout limits flow to 2.5 gal. per min. One-piece cartridge at unit's base ensures even temperature control. Moen. Circle 227 on reader service card



Electric range (above) includes a self-cleaning lower oven and solid state microwave upper oven. Other features include: temperature probe, eye-level control panel and lift-up chrome cooktop. Whirlpool. Circle 228 on reader service card

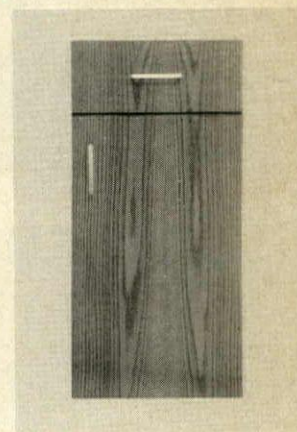
Braille conversion kit (right) includes clear plastic, peel-off numbers and letters corresponding to manufacturer's microwave controls. Also shown: instructions in braille. Sharp. Circle 229 on reader service card



Prewired range hood (above) from the Slope Line series, comes in wall mount, island and peninsula models. Unit is available with Magic-Lung® exhaust blower, located inside hood. Vent-A-Hood. Circle 230 on reader service card



"Vesta" cabinetry (right) is constructed of premium-grade oak. Available stains range in color from natural oak to chestnut brown. A painted white finish is also offered. Hardware is chrome wire. Quaker Maid. Circle 231 on reader service card



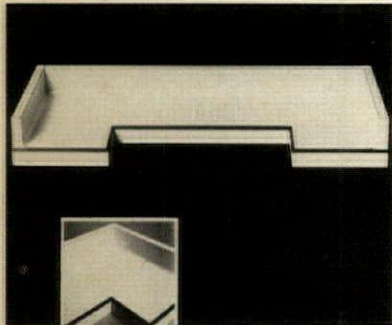
Convertible cooktop (above) has five interchangeable drop-in units. Shown (left to right) are Perma-Coil® elements, Wisp-Air™ ventilation system and grille. Other snap-out units include rotisserie and griddle. Modern Maid. Circle 232 on reader service card



Contemporary-style Sunglo® cabinetry (above), with concealed hardware, has an Aristex® finish that resists heat, warpage and fading. Drawers feature a three-point nylon roller suspension system. AristOKraft. Circle 241 on reader service card



Hoodless "Cook 'N Vent" cooktop features a retractable intake. When intake is raised (as shown), it exhausts smoke and odor to outdoors. When down, it is flush with the cooktop. Thermador/Waste King. Circle 246 on reader service card



Seamless countertops, like that shown above, are custom-crafted in any shape or form. Countertops are available in laminates or simulated marble. Luxurious Laminates. Circle 242 on reader service card



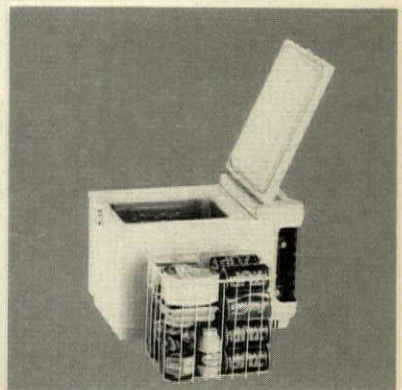
Braille accessory kit (above) is designed for use with Radarange® microwave ovens. Kit includes overlays for control panels and audio tape cassettes. Amana. Circle 243 on reader service card



Washer/dryer pair (above) has 20-lb. capacities. Washer features include a water saver control and a choice of wash/rinse temperatures; dryer features "Wrinkle-Out" and "Auto-Dry" cycles. Magic Chef. Circle 247 on reader service card



Top-of-the-line "WarmWood" cabinetry (above) features a dark, hand-wiped finish. Door frames and drawer fronts are made of solid oak, panels of select banded oak. Matching vanities are also available. Kitchen Kompact. Circle 245 on reader service card

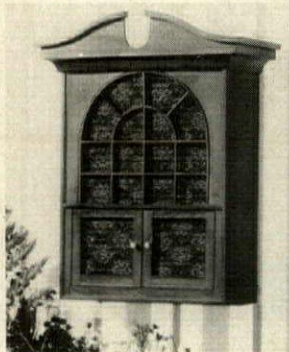


Portable refrigerator (above) can operate on a 12v battery or household current. Compact unit is insulated with polyurethane and features a corrosion-resistant ABS plastic surface. Norcold. Circle 248 on reader service card



Sliding mirror doors (above) are bottom rolled. Mirrors are 1/4" thick; frames are available in clear, bronze, grey or antique finishes. Binswanger. Circle 220 on reader service card

"Williamsburg" door chime (right) complements traditional decor. Unit sounds two chords for the front door, two single notes for the rear door. Miami-Carey. Circle 221 on reader service card

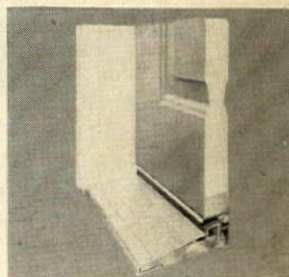


Mirrored closet doors (above) laminated with a white vinyl backing, conform to national safety standards. Frames are offered in silver, gold or bronze with a smooth, satin finish. Peterson. Circle 223 on reader service card



Foot-operated vertical door opener is designed to help individuals who are laden with packages or handicapped, as shown above. Peterik. Circle 222 on reader service card

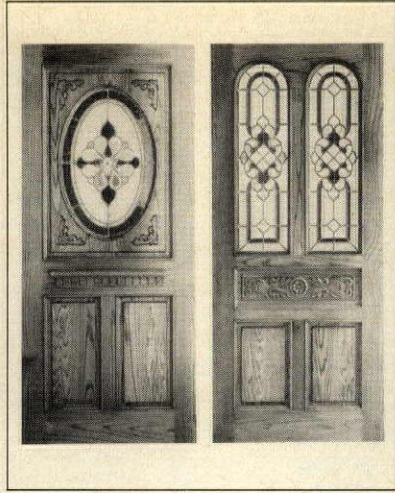
Self-sealing door sill (right) is offered as a standard feature with the manufacturer's pre-hung system. The vinyl sill has been tested for two years and is said to provide an effective barrier against heat loss as well as air and water infiltration. Therma-Tru Sales Corp. Circle 224 on reader service card



Series "D" basement doors (above) are designed for installation on flat foundations. Doors are made of heavy-gauge, hot-rolled sheet steel. Nemco. Circle 225 on reader service card



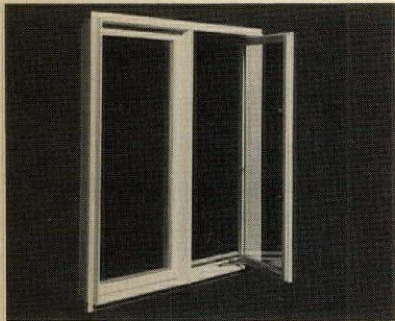
Centry™ entrance system (above) has two-point weatherstripping around frame. Sill, made of aluminum and vinyl, provides positive thermal break. C-E Morgan. Circle 233 on reader service card



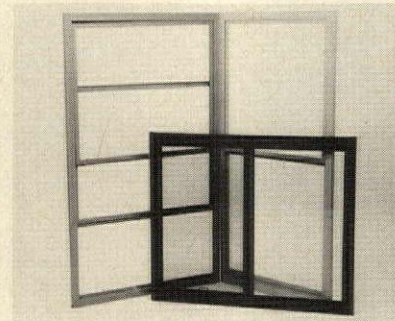
Handcarved doors include "model no. 106" (left), with leaded or etched glass insets and "model no. 108" (right), with leaded glass insets. International Wood Products. Circle 234 on reader service card



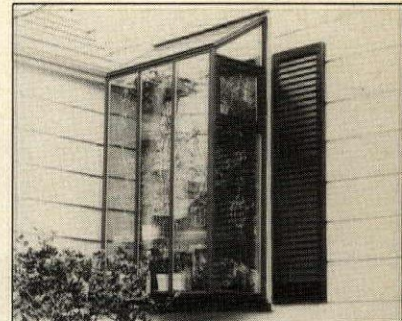
Eight-panel bifolds (above) are made from vertical grain Western Hemlock. Ribbed dowel construction provides a super tight joint between stile and rail. E.A. Nord. Circle 235 on reader service card



Vinyl-clad casement window (above) is offered in six sizes; so it is suitable for replacing most aluminum siding units. All "Thermaclad" windows feature 3/8" double-pane glazing. Malta. Circle 236 on reader service card



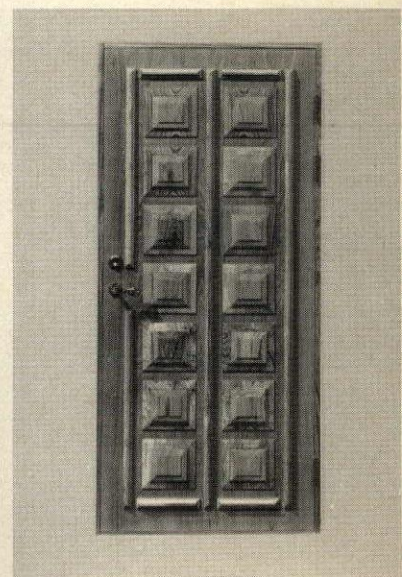
Storm window line includes units for use with sliders (foreground), double-hung windows (left) and single-hung windows (right). Each window features a self-storing panel that is removable from the inside. Rusco. Circle 237 on reader service card



Greenhouse window (above) is constructed of heavy-gauge aluminum, and comes in eight standard sizes—all of which are 16" deep. Hopper windows are located on either side. Hasco Industries. Circle 238 on reader service card



"San Francisco" door system (above) includes pre-hung door, threshold and weather-sealed frame. Center panels are also offered in such styles as a Queen Anne cockle shell or a pineapple motif. General Products. Circle 239 on reader service card



Scandinavian entry door with a teak veneer (above) is now offered in the United States. Door comes prefitted with an ASSA cylinder lock. Sweddoors. Circle 240 on reader service card

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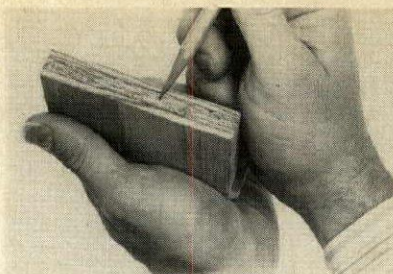
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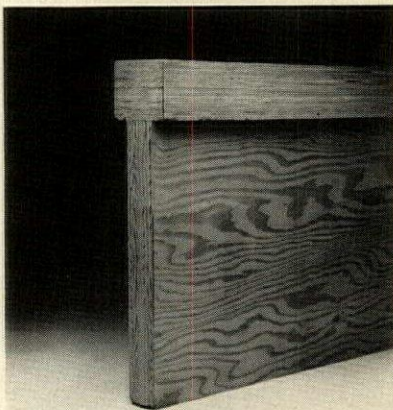
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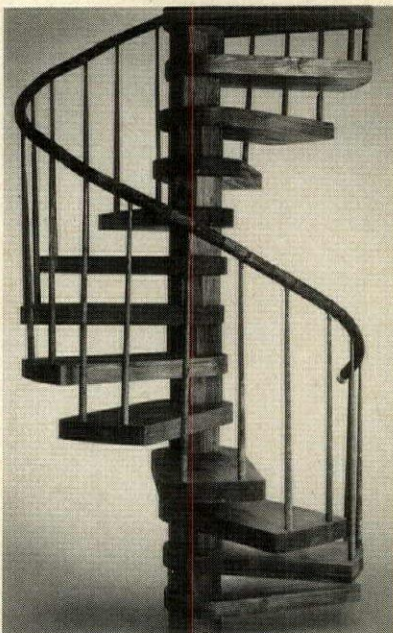
PRODUCTS/STRUCTURAL



Composite plywood panel (above) consists of a specially formulated flakeboard core and wood faces and backs bonded with phenolic resin. "Stable-x" is recommended for exterior use. Georgia-Pacific. Circle 275 on reader service card

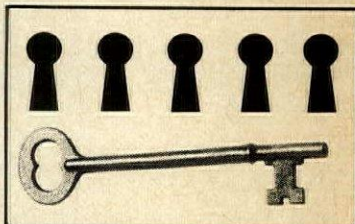


"T" shape purlin (above) is made of laminated Douglas fir. Product is designed for panelized roof systems, and comes in lengths of up to 30'. It is offered in 13 states west of the Rocky Mountains. Trus Joist. Circle 276 on reader service card



Single-pole spiral stair (above) has treads and risers made of pressure-laminated yellow pine. The all-wood stair comes in three diameters: 4'6", 5' and 6'6". The stair is tensioned by cables running through the post and handrails. Spiral. Circle 277 on reader service card

MAKING THE TOUGH DECISIONS



A budget-management report from United Way

At United Way, volunteers carefully review the budgets, operating patterns and track record of agencies asking to become part of the United Way organization.

They scrutinize the various functions performed by the agency, look at the kinds of people it helps, and evaluate its success in delivering its services.

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Look into solar solutions for energy problems

The ultimate question on energy-efficiency and windows—what effect window orientation has upon energy conservation in the home—gets an answer in "Energy Efficient Windows," a pamphlet from the Architectural Aluminum Manufacturer's Assn. (AAMA). The twelve-page booklet describes a new technique that can be used to determine *how much* energy will be gained or lost by using different types of windows on different sides of the house. Included in the booklet are 12 "Solar Gain Factor"* charts, which may be used to estimate yearly winter fuel usage and to compare the effectiveness of alternate window locations.

To obtain a copy of "Energy Efficient Windows," write to AAMA Technical Information Center, 35 East Wacker Drive, Chicago, IL 60601. The pamphlet costs \$5.00.

"Windows for Energy Efficient Buildings" is the Dept. of Energy's 42-page booklet intended to keep builders up to date on **window products and design**. The bi-annual publication should also promote industry interest and further government research on energy-saving technology.

The publication includes the following sections:

Research and Development: a listing of current projects related to the study and design of windows and window systems. Solar products and improvements in window insulation techniques are emphasized.

Demonstrations and Applications: a listing of completed, ongoing, or upcoming window product demonstrations that will "provide architects and engineers with a sense of how a product really performs in a building."

New Products, Materials and Components: 14 pages of new window products, including storm windows, glazing, window films, blind systems and solar components.

Patents: a review of patents, both old and new—"familiar and unfamiliar,"—of products related to windows and their accessories.

Legislation: a review of national and state legislation, codes, and standards relating to window management as

*The Solar Gain Factor, or SGF, is a number that takes into account heating degree days and house orientation.

well as the efficient use of window systems.

Finally, there are listings of industry organizations and of pertinent literature. The back cover includes a foldout "comparison matrix" of window thermal barriers.

To receive this publication *circle 301 on reader service card*.

The Brick Institute of America (BIA) has joined the AAMA and DOE in providing the homebuilder with helpful information on **energy management**. "Brick: The Greatest Building Material Under The Sun" is a 25-page booklet introducing the basic principles of residential passive solar heating. Other topics covered include: how landscaping affects solar efficiency; solar cooling; and "solar savings," that is, the long-range economic advantages of investing in a solar heating system. A bibliography of information on solar energy and a useful list of resources are included. The pamphlet is available for seventy-five cents from the Brick Institute of America, Region Nine, 100 Northcreek, Suite 280, Atlanta, Ga. 30327.

Complementing this brochure is "The Use of Solar Energy Heating Systems in Brick Buildings," a booklet describing the versatility of **solar heating systems**. After a brief history of solar developments in the United States, the book presents eight buildings—seven houses and one school—that are using solar heating and cooling successfully. The booklet discusses problems faced in each case, and the "solar solutions" arrived at. The booklet costs \$1.00.

The Brick Institute also publishes two newsletters, *Brick Builder Notes* and *Brick Highlights*, each of which has recently covered solar energy. *Brick Builder Notes No. 16* provides technical information on the planning and installation of a passive solar space-heating system. The four-page brochure describes and illustrates with schematics how passive solar systems can be "designed and built into the basic elements of a house at minimum cost and with only minor changes in the appearance of the house." For issue No. 16, send fifty cents to The BIA, 1750 Old Meadow Rd., McLean, Va. 22101.

Brick Highlights reports the latest findings on the properties of brick when used as insulation or in solar passive heating systems. *Circle 305 on reader service card*.

Finally, the Brick Institute has put out a package of three pamphlets covering **passive solar heating with brick masonry**. The pamphlets are part of a series called *Technical Notes on Brick Construction*. They assume a more detailed and—as the title implies—more technical approach to the design of solar heating/cooling systems than the booklets previously discussed.

Part I (No. 43)—published last year—introduces the "general features and requirements for the development and application of solar heating systems." It includes diagrams and tables summarizing by state, the yearly environmental data—such as monthly temperature ranges, daily solar radiation—for passive solar systems.

Part II (No. 43A) tells how to accurately size a solar collector for direct gain and thermal storage wall systems. The methods are based on those set forth by ASHRAE.

Part III (No. 43B) provides methods of calculating the performance of direct gain and thermal storage wall systems. This allows you to estimate how much heat a certain system will provide and to determine how much, if any, additional heating will be needed.

And last March appeared Part I in a series on passive solar cooling with brick masonry.

To receive the heating pamphlets, and to receive the rest of the cooling series, write to the Brick Institute at the address above. Each *Technical Note* costs fifty cents.

A two-page flyer describes how the "Window Quilt" **insulating shade** can reduce heat loss through single-glazed windows by up to 80% and up to 65% for double-glazed. Soltec. *Circle 302 on reader service card*.

Also from this manufacturer: a four-page booklet on the "**Solera**" **passive solar collector**, a "ready-to-assemble" package that includes prefabricated roof and wall modules, redwood framing and thermopanes. The pamphlet also describes some of the options offered in the package. Soltec. *Circle 303 on reader service card*.

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This is the HDA960. Check it out.

It's just one of a full line of Hotpoint dishwashers – including 3 Potwasher™ models – designed to please both you and your customers.

You're looking for easy installation and versatility. Hotpoint responds with an upfront hook-up, a money saving 2 on 1 dishwasher-disposer hook-up plus interchangeable color door panels.

Your customers want energy-savings and convenience. Hotpoint offers energy-efficient features like the Short Wash cycle and an Energy Saver drying option. Plus helpful extras like a built-in Soft Food Disposer, a Sani-Cycle wash option and a Power Scrub® cycle for pots and pans.

And it's all wrapped up in a thick blanket of sound insulation. Something both homeowners and tenants can appreciate.

Best of all, Hotpoint Customer Care™ service handles repair

problems promptly and dependably so you won't have to get involved.

Call your Hotpoint Contract Sales Representative today and ask about our complete dishwasher line or the total Kitchen Clean-up Center – a dishwasher, trash compactor and disposer.

Remember, finding a full-featured built-in dishwasher that's easy on the eye *and* easy on the budget is not asking too much. It's asking for Hotpoint.

Hotpoint

A Quality Product of General Electric Company.

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New York. Manhattan. The Big Apple. It's something just about anybody recognizes in an instant.

In its own way, the word Kwikset has the same kind of high recognition factor. The recognition that comes from being No. 1.

Kwikset is No. 1 with builders* and No. 1 with retailers and wholesalers**

The recognition and the reputation of Kwikset and Kwikset products are two of the strongest reasons why Kwikset is America's choice — and has been for nearly a quarter century.

*Based on 1979 Professional Builder Brand Awareness Study.

**Based on 1979 Hardware Age Brand Recognition Study.

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