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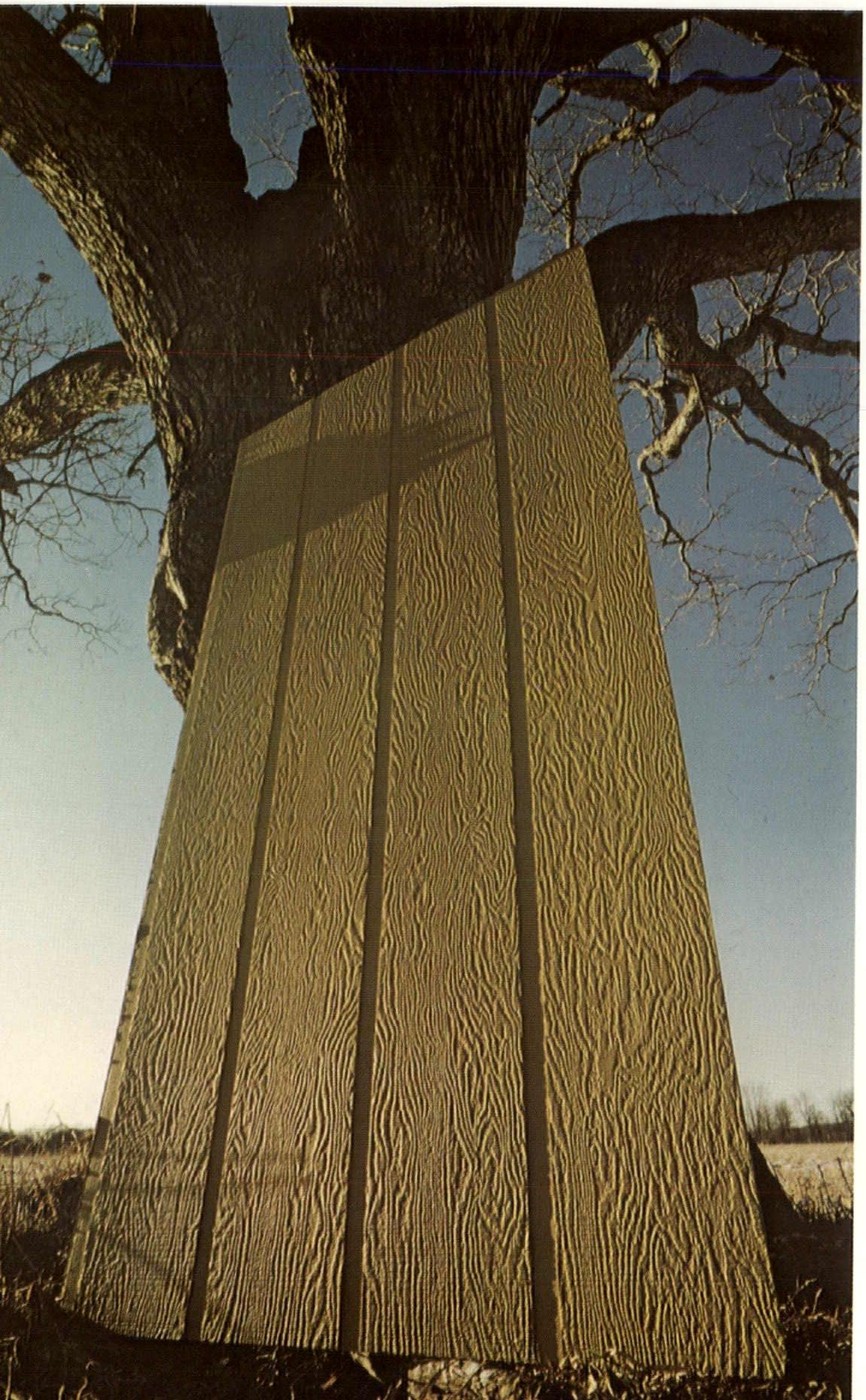
House & Home

August 1974

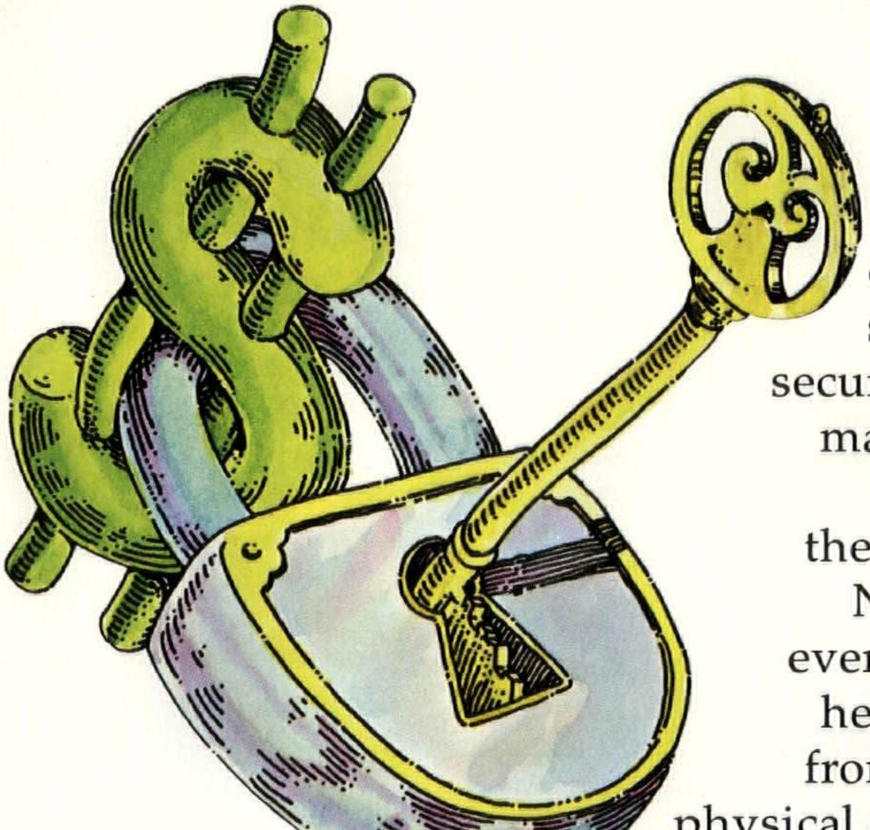
Meeting the new demand for
SPECIALTY SHOPPING CENTERS

What are the viable deals in today's apartment market?

NEWS ABOUT: Senate's next housing chief... The redlining furor... A rare union contract... Shakeout at Larwin



NuTone Security Alarm Systems Put A Lock On Sales



Buyers wouldn't even be in your neighborhood if they didn't think that they could safely raise a family there. So, security is the first impression that makes or breaks a home sale. To show your concern for their continued safety, install NuTone security products in every home you build. You will help guard your home buyers from prowlers, fire, theft, and physical assault. That is certain to give you a sales edge over your competition.

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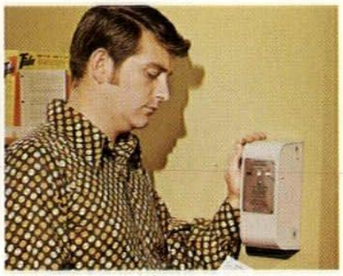
Secure Home Sales With NuTone Home Security Alarm Systems.

Secure Home Sales With NuTone Home Security Alarm Products.


S-154 Security/Fire Alarm System


S-100 Security/Fire Alarm System


IM-323 SecuriCom™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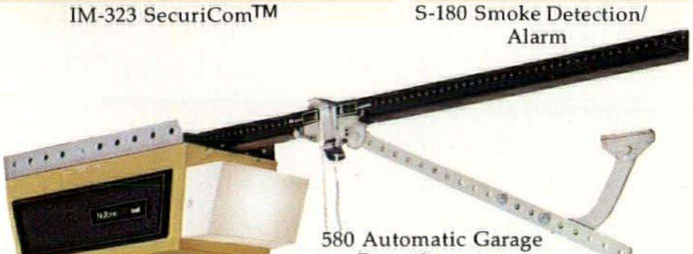
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The S-154 Security/Fire Alarm System is at the top of the list. Automatically resorts to DC batteries in the event of household current failure. Its special key lock feature allows family to exit and enter without sounding alarm.

The S-100 System is an equally effective alarm system which can be used for fire warning, security, or both. Control Unit mounts on the surface, rings alarms anywhere in the house.

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House&Home

McGraw-Hill's marketing and management publication of housing and light construction

Volume 46 Number 2/August 1974

FEATURES

NEWS

DEPARTMENTS

Cover/Low-key signage at Olde Mistick Village—a specialty shopping center in Mystic, Conn.—is in keeping with center's colonial New England theme. Photos: Kirk Russell. *Story on page 66.*

ABP

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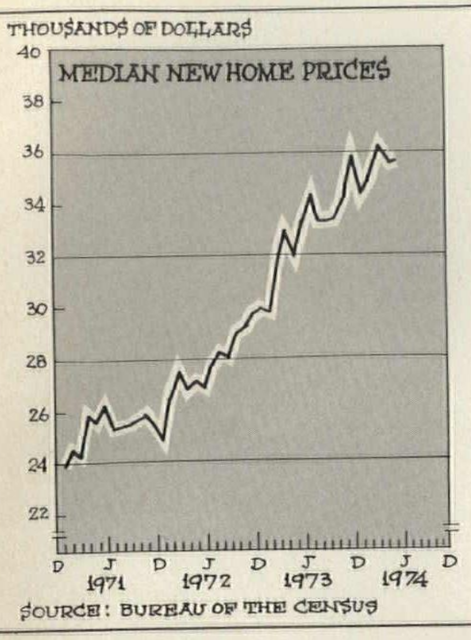

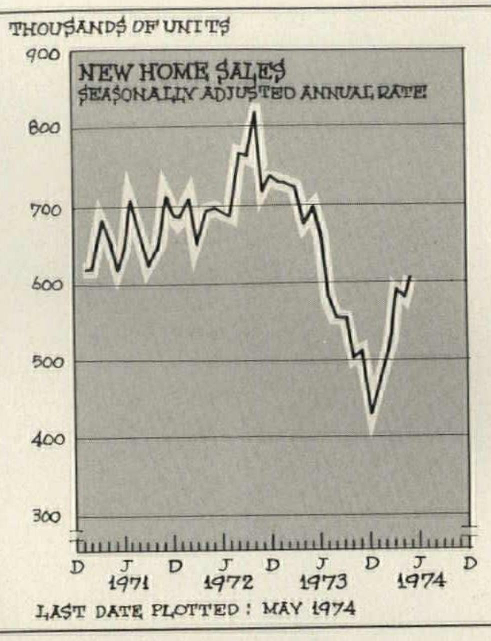

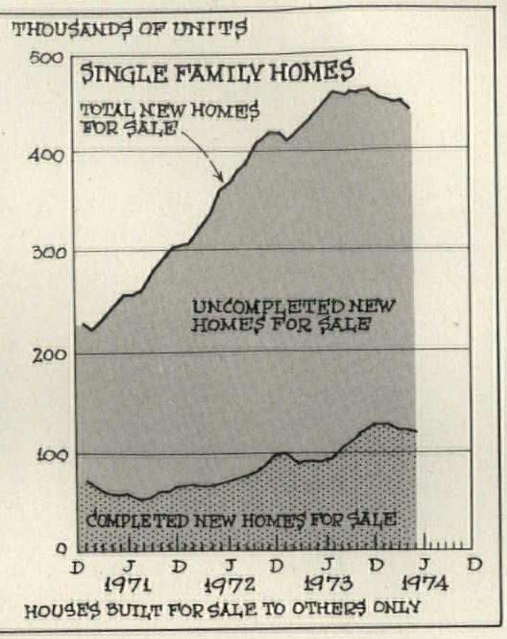

'74 starts may dip below 1.5—market's hang-up: unsold homes

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

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

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

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

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

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

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

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

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

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

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

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

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

Too many starts? As to the level of starts, one of the problems is the big overhang of stuff already in the pipeline, units that have already been started."

Sumichrast agrees that rising incomes "should also draw some of the pent-up demand into sales in the fall and reduce the stock of unsold units." Improved sales, he says, "will tend to encourage builders grasping for any thread of hope."

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

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

Jim Price dies at 62; founded National Homes

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

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

Founded on a pooled investment of $12,500, Jim's company had grown to a giant with a stockholders' equity of more than $70 million and a sales volume of $201 million in the year of his retirement. It sold 27,000 units in 1973. —H.S.

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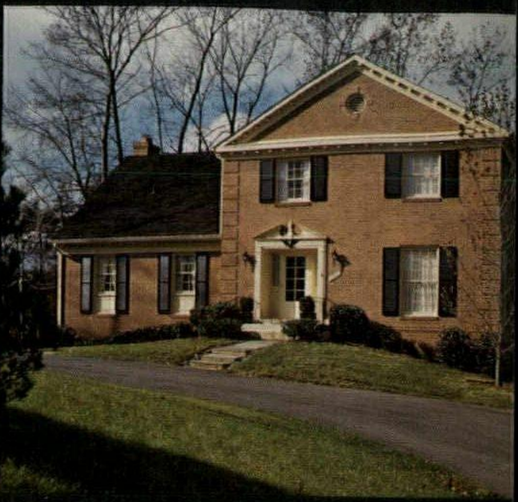

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CIRCLE 8 ON READER SERVICE CARD

Are new towns old hat? U.S. said to lean toward a phase-out

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

As a tip-off, take Beckett.

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

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

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

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

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

The key signs are:

- the backlog of applications has been cleaned out, with only a handful of live applicants still in the pipeline *(see box)*;
- only two or three of the applications still in the pipeline are expected to be approved in the next 12 months;
- many if not most of the new towns already approved are or will be seeking HUD's approval to issue more bonds than the original maximum amounts allowed them;
- it is now acknowledged by industry sources and Trevino that some of the projects may go under, and HUD may have to foreclose and pay off the bondholders' full investment.

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

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

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

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

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

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

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

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

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

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

—D.L.

NEW TOWNS APPROVED BY HUD

	Guaranty commitment (millions)	Bonds issued (millions)	Dwelling units planned	Location
Jonathan (Minn.)	$21	$21	15,405	20 mi. SW Minneapolis
St. Charles Communities (Md.)	24	24	24,872	25 mi. SE Washington, D.C.
Pk. Forest South (Ill.)	30	30	37,200	30 mi. S of Chicago
Flower Mound (Tex.)	18	14	18,304	20 mi. NW of Dallas
Maumelle (Ark.)	7.5	7.5	14,390	12 mi. NW of Little Rock
Cedar-Riverside (Minn.)	24	24	12,500	Downtown Minneapolis
Riverton (N.Y.)	23	12	8,010	10 mi. S of Rochester
San Antonio Ranch (Tex.)	18		29,476	20 mi. NW of San Antonio
The Woodlands (Tex.)	50	50	47,375	30 mi. N of Houston
Gananda (N.Y.)	22	22	17,200	12 mi. E of Rochester
Soul City (N.C.)	14	5	13,326	45 mi. N of Raleigh
Radisson (N.Y.)	(Note 1)		5,000	12 mi. NW of Syracuse
Harbison (S.C.)	13		6,100	8 mi. NW of Columbia
Roosevelt Is. (N.Y.)	(Note 1)		5,000	East River, New York City
Shenandoah (Ga.)	40	25	23,000	35 mi. S of Atlanta
Newfields (Ohio)	32	18	18,860	7 mi. NW of Dayton
Beckett (N.J.)	35.5	(Note 2)	20,000	18 mi. S of Philadelphia

Note 1: State agency bonds not guaranteed by HUD, but project is eligible for other program benefits.

Note 2: Beckett received HUD guaranty for $35.5 million in bonds, but it is withdrawing from the HUD program and proceeding with conventional financing.

APPLICATIONS IN PIPELINE

	Guaranty requested (millions)	Location
Oak Openings (Ohio)	$30	Near Toledo
Pontchartrain (La.)	50	25 mi. E of New Orlenas
West Valley (Ill.)	31	40 mi. W of Chicago
Tree Farm (Fla.)	12	N. of Pensacola

APPLICATIONS NO LONGER IN PIPELINE

	Guaranty requested (millions)	Location
Audubon (N.Y.)	$47	Erie County, SE of Buffalo
New Franconia (Va.)	45	25 mi. SW of Washington, D.C.
Rancho San Diego (Calif.)	30	E of San Diego
Stansbury Park (Utah)	25	25 mi. E of Salt Lake City
Midland (Ky.)	15	Between Lexington, Huntington
Ft. Lincoln (Washington, D.C.)	Not available	In town, District of Columbia
Nouville (La.)	30.6	7 mi. S of Baton Rouge
Kansas City West (Kan.)	25	Wyandotte & Leavenworth Counties
San Antonio New-town-in-town (Tex.)	Not available	San Antonio
Pattonsburg (Mo.)	Not available	NE of St. Joseph
Shelby Farms (Tenn.)	Not available	Memphis
Timberlake (Tenn.)	Not available	30 mi. SW of Knoxville
Deer Run (Tex.)	6	100 mi. from Dallas & Shreveport, La.
Murrock (Ark.)	30	60 mi. NW of Little Rock


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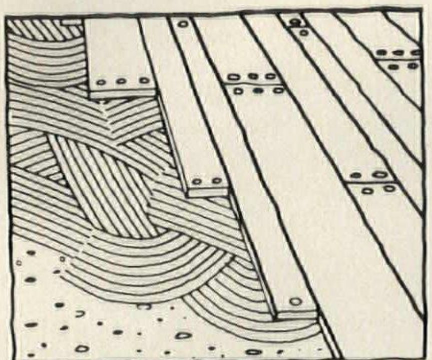

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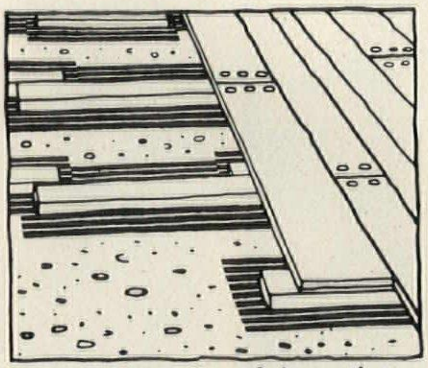

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CIRCLE 11 ON READER SERVICE CARD

Proxmire, as Senate housing chief, would revive subsidies

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

That being the case, the housing industry can count on an outspoken advocate in three powerful posts. For Proxmire will continue to hold the chairmanship of the housing subcommittee of the Senate Appropriations Committee, and thus will be—as he has been since August 1972—the senator with the most leverage on HUD's budget.

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

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

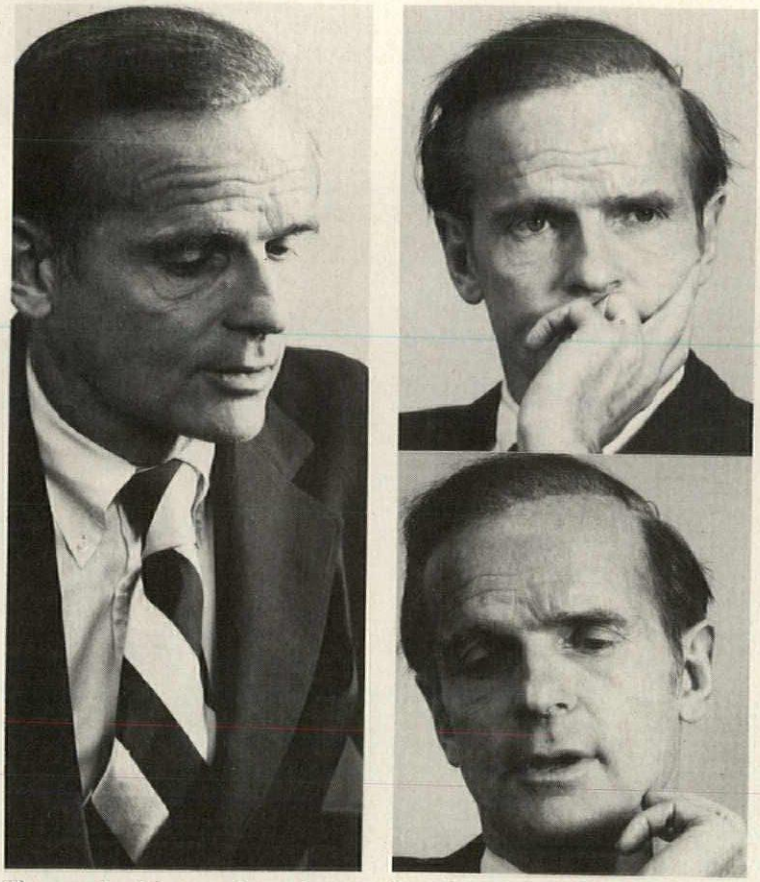
No friend of banks. Proxmire is not a member of that inner club of Southerners and old-time committee chairmen that is supposed to run the Senate. Sparkman is a club member, and the housing and banking industry could count on his membership in that inner circle when the crunches came.

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

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

This year, as chairman of the housing subcommittee of the Appropriations Committee, he opened the hearings by telling HUD Secretary James T. Lynn:

"You are one of the most likeable, personable and intelligent witnesses to appear before us. The problem we face, however, is not your personality but the cold, hard fact that the Department of Housing and Urban Development should now be called the department of too-little-housing and too-little urban development."



The moods of Senator Proxmire are reflected in photos taken during interview in his office. His views came through loud and clear: Revive subsidies.

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

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

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

"Say we have a new President in 1977 with an open mind on this thing," the senator goes on. "We'd be in a strong position to say, 'Let's give this program further opportunity'. . . . I don't think it was given a fair trial.

"I'm perfectly willing to go ahead with the housing allowance. There's nothing wrong with that. Of course, one of the big parts of it will be in Green Bay, Wis., my own state, but I'd be for it anyway, as a trial to see what it would do."

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

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

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

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

"Some 20 years ago the cost of building a house was 2½ times median income and today it's still 2½ times median income. . . . We should be able to do better than that. We should be able to get the cost down and I think the way to do it is with what we called Operation Breakthrough. But they took it and mixed it up and didn't end up with an Operation Breakthrough at all. We think that costs can be reduced."

Housing goals. Proxmire is still for the 2.6-million-a-year housing goal which, he points out, "was my amendment in the 1968 Housing Act—the Proxmire amendment. That provided for 26-million starts over ten years."

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

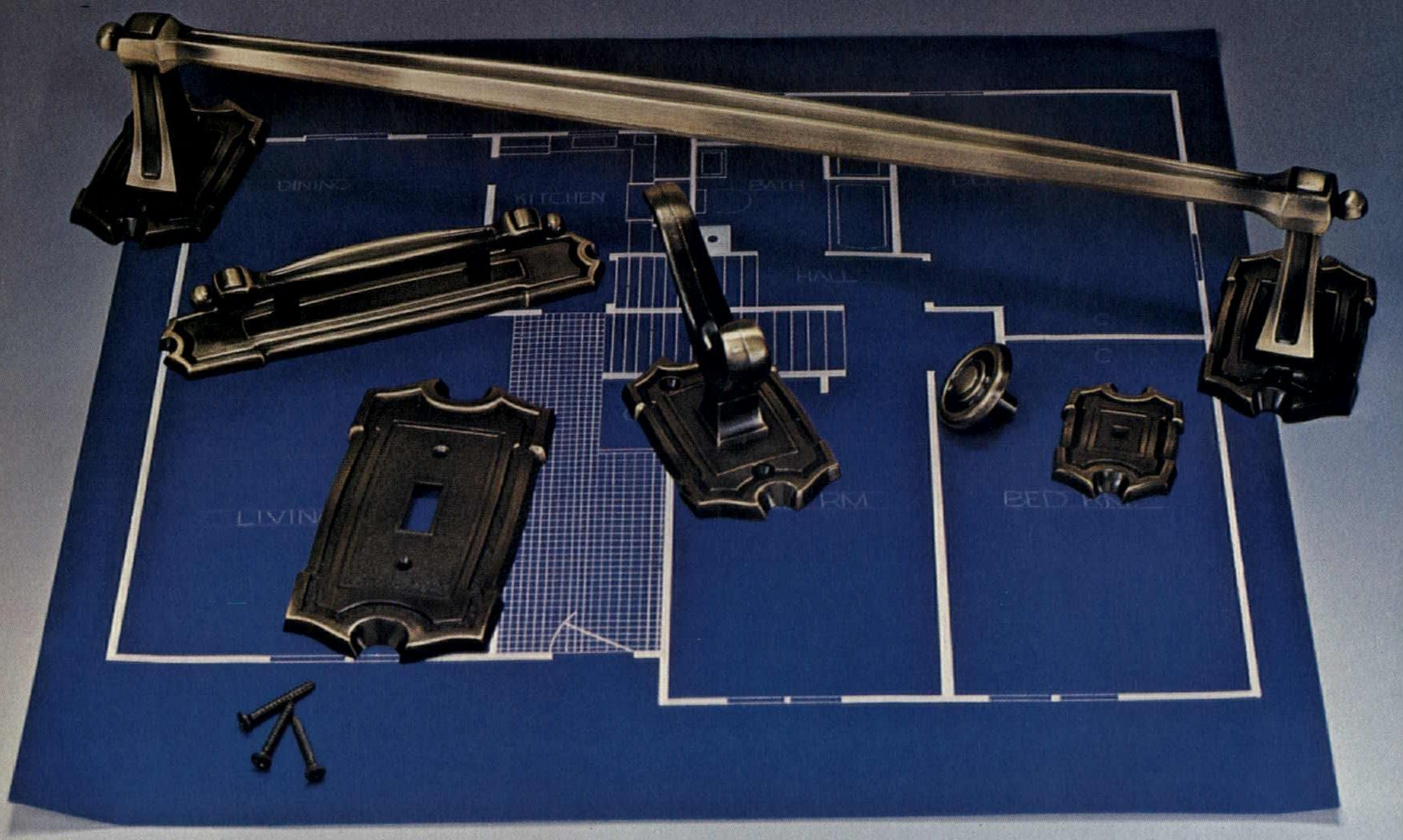
Will the Senator yield? In a word—No

The word has gotten from the Senate grapevine to the press that Alabama's Senator John Sparkman, 74, might like to keep the chairmanship of the Banking Committee's housing subcommittee when he becomes chairman of the Foreign Relations Committee next January.

Wisconsin's Senator William J. Proxmire, 58—in line to be chairman of the Banking Committee if Sparkman moves—is having none of it.

"I will take that chairmanship of the housing subcommittee," Proxmire said in an interview in his Senate office. "Sparkman intends to hold on to it, so I don't know how it's going to be resolved. But as chairman (of the full committee) I would take it (the chairmanship of the housing subcommittee)."

Proxmire mentioned one way the issue might be decided when the 94th Congress meets in January: Sparkman could stay with banking and currency and give up foreign relations.



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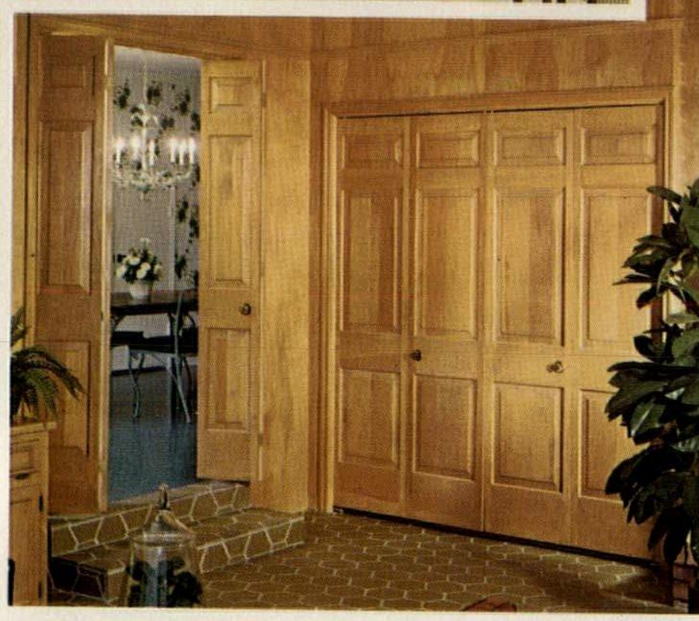

The sales opportunity of the year: it's as big as all indoors.

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

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

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

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

Panel doors for every design.
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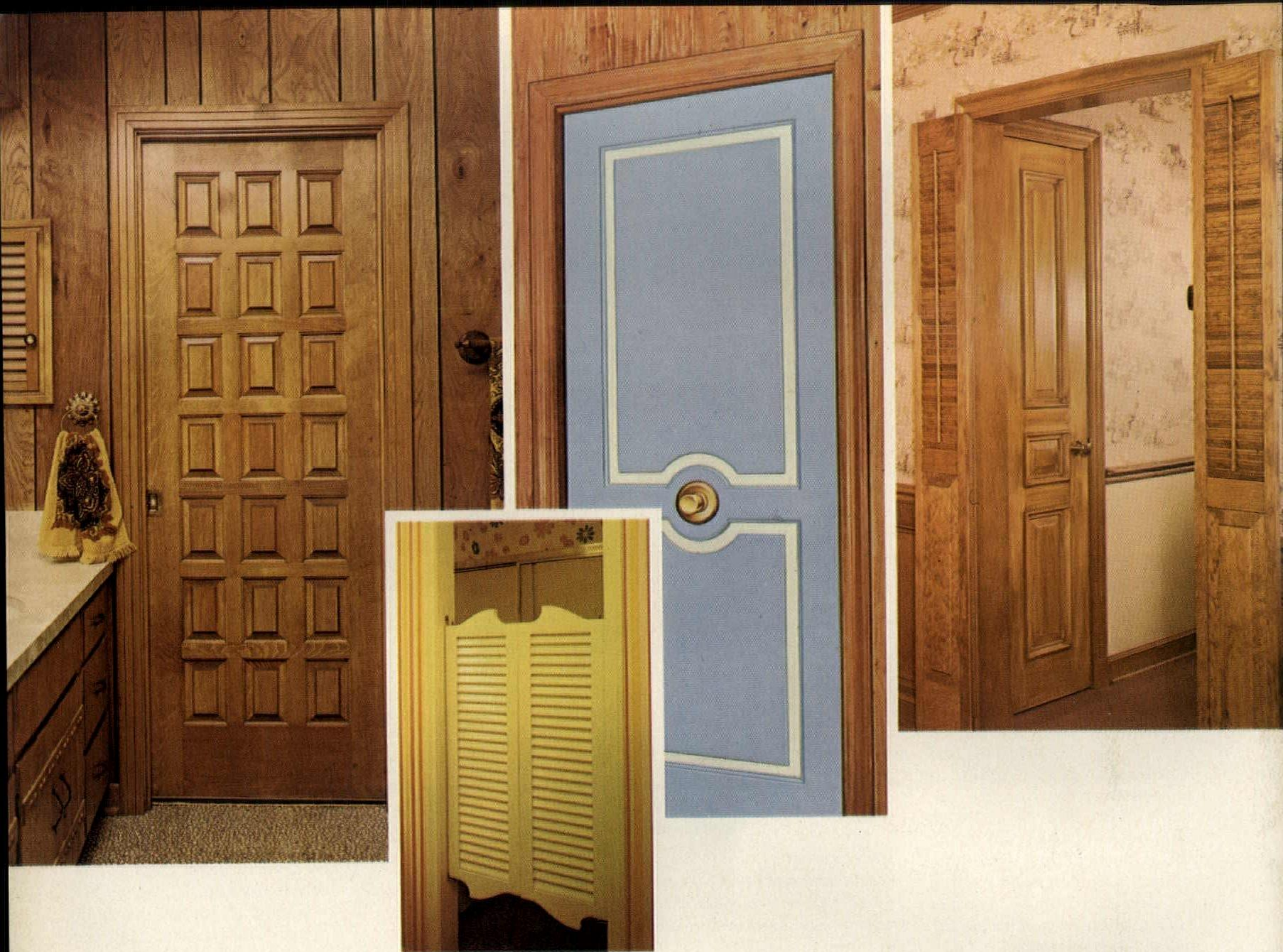
And wood panel doors help you keep the design theme going throughout the house—from the front



door to every room. The panel and louver doors pictured here are just a few examples of the dozens of types and styles that you can use to tie every room into the total design of the house.

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

% who prefer panel or flush doors for exteriors						
	Front, Main Entrance			Rear, Other Entrance		
	1968	1970	1972	1968	1970	1972
Panel Doors	59%	64%	63%	54%	54%	62%
Flush Doors	36	26	28	33	26	24
No Preference	5	10	9	13	20	14

% who prefer panel or flush doors for interiors			
	1968	1970	1972
Panel Doors	31%	32%	34%
Flush Doors	60	47	49
No Preference	9	21	17

Are you giving your customers what they want?
Before you install doors in your houses or apartments, consider the facts. Our research shows that consumers rate appearance and durability as the qualities they want most from their doors. And they rate panel doors better than flush doors in both instances. Are you giving your customers the doors they want?

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CIRCLE 15 ON READER SERVICE CARD

House cuts $2 billion in block grants from HUD's budget

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

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

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

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

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

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

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

Bow to section 236. In view of the cost comparisons, the committee directed that none of the money for salaries and expenses of housing production and mortgage-credit staffers be used to administer the new section 23 revised leasing program "without the companion administration and implementation of the full unused balance of the section 236 contract authority currently available." This, the committee said, would give a basis for comparing the cost of the two programs on a current basis.

The committee found that the revised section 23 program "fails to satisfy the three main objectives" (Secretary James) Lynn and his aides had against the existing subsidy programs: (1) section 23 either is as expensive or more expensive; (2) it will reach "few, if any, additional families" when compared with the old programs; and (3) the emphasis is placed on new construction rather than making "maximum use of existing housing stock."

Criticism. The committee criticized HUD for failing to use $105 million it has available to finance the suspended section 202 housing program of direct loans for housing for elderly handicapped people. The program has been "free of the scandals and default problems that have victimized the other subsidized and unsubsidized programs," the committee reported, and it also "achieves results at the lowest cost to the government."

The department has also failed to meet its obligations as "the lead government agency for encouraging the building of nursing homes in the U.S.," the committee said. "Plans should be developed for a much more active program . . ."

Senate action on the appropriation bill was expected before the end of July. The final version was not expected to vary much from the House figures. —D.L.

DIRECT AVERAGE SUBSIDY PER UNIT
HUD's estimate for fiscal 1975

Rent supplement	$1,106
Homeownership assistance (section 235)	767
Rental housing assistance (section 236)	1.015
Conventional low-rent public housing	791
Old section 23 leasing	1,251
Section 23 revised leasing (existing units)	1,950
Section 23 revised leasing (new construction)	2,900

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

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

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

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

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

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

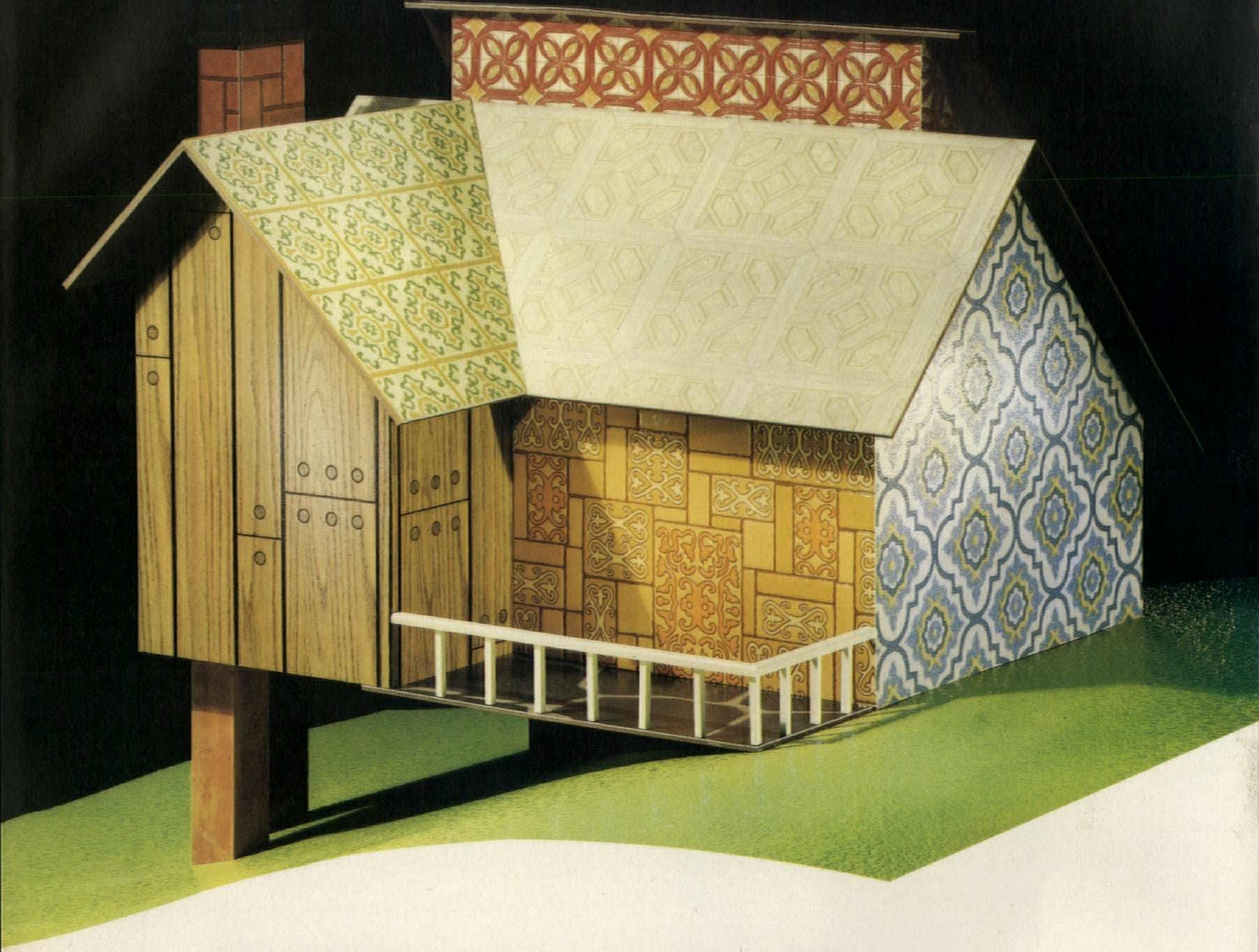
The bus was refinished in a buff color with the ChimneyHill logo in five colors on the front doors and the name "ChimneyHill" repeated in these colors on the rear side panels.

Twelve-passenger van is being run by Dallas developer as fuel saver. It takes subdivision residents to regular city bus stop as well as to shopping centers.

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

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

—LORRAINE SMITH
McGraw-Hill News, Dallas



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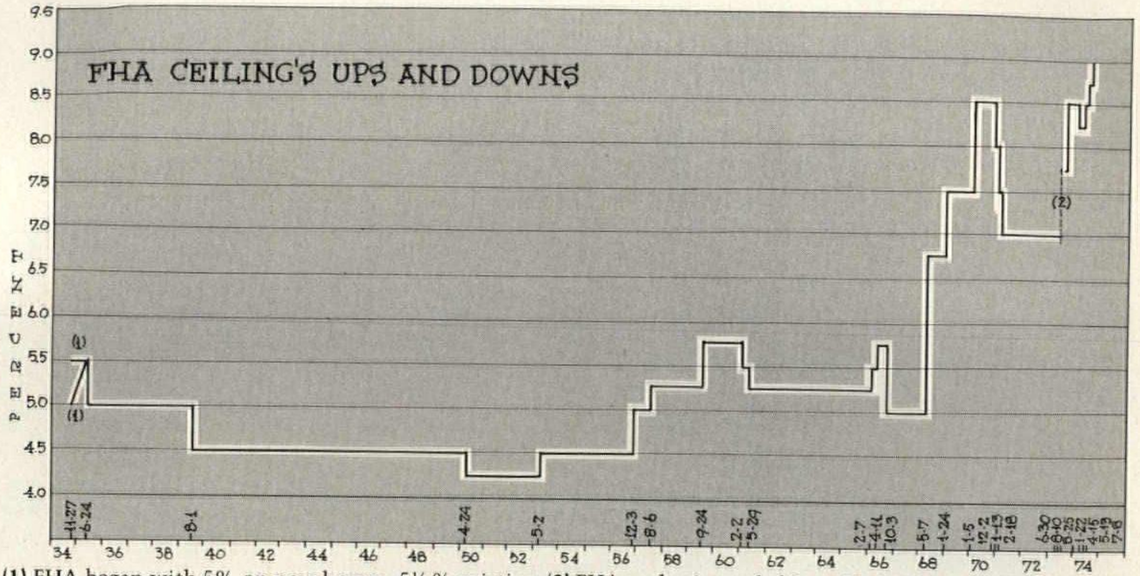
FHA rate—for builders who still remember FHA—goes to 9%

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

Banking's prime rate, for example, hit a record 12¼% at Central National Bank of Cleveland, although bigger banks were striving mightily to keep their prime from going beyond 12%.

The mortgage ceiling had been at 8¾% since May 13. The new rate was set simultaneously by the Veterans Administration and by the Department of Housing and Urban Development.



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

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

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

Lynn said that when the FHA rate was at 8¾%, mortgage lenders were charging so many discount points that they were discouraging both buyers and sellers.

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

Different view. Another nationally recognized mortgage expert said, however, that the increase would have no appreciable effect on the availability of mortgages. Davis S. Engelman, executive vice president of Mortgage Guaranty Insurance Corp. in Milwaukee, insisted:

"All it means is that lenders will charge fewer points."

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

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

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

Homes sold with FHA mortgages accounted for only 5% of all homes sold in the first quarter. The figure had been 13% for the same period of 1973. It was 29% in 1972 and 40% in 1971.

Tandem plan. The new rate will not affect the 7¾% interest ceiling that applies to the Tandem Plan, a program under which mortgages are subsidized for middle-income buyers.

About 100,000 units could be financed at the 7¾% rate, Lynn said. Another 100,000 remain to be financed at 8% under the extended Tandem Plan announced by President Nixon on May 10.

The Tandem Plan provides mortgages for new construction at interest rates below market levels. Ginnie Mae provides the subsidy by buying the mortgages from the lender's for more than the market value of the loans.

—Dexter Hutchins
McGraw-Hill World News,
Washington

A no-grow book builders should read

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

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

Builder as target. The manual depicts developers as the principal villains. Sample:

"Developers will often glibly argue for growth in terms of increased revenues to the area, creation of new jobs and meeting the needs of the area's projected growth . . . Such proposals fail to account for (negative aspects) . . . Such statements are perfect targets for attacks by growth-control advocates."

*Available from Environmental Law Society, Stanford Law School, Stanford, Calif. 94305. Make checks to law school.

Techniques. The means at hand are made clear:

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

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

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

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

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

U.S. Home sues

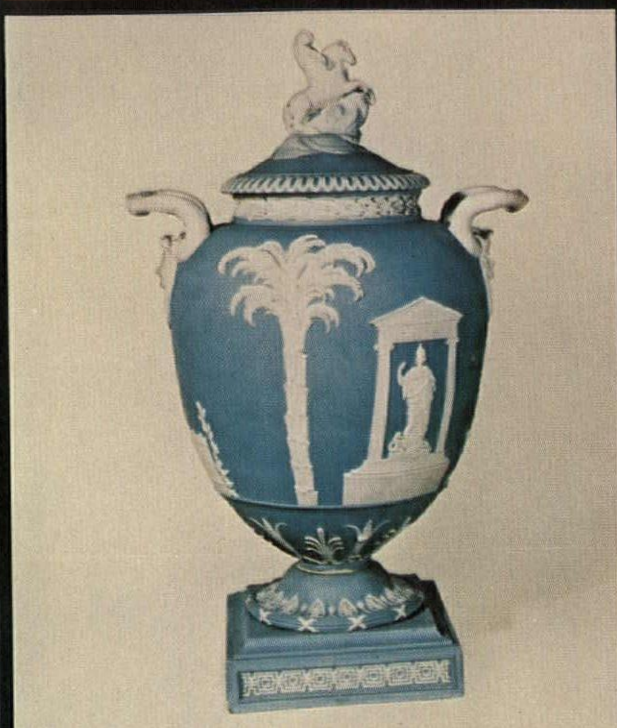
U.S. Home Corp. has sued Ernst & Ernst, a Cleveland-based firm, over its auditing of 3H Building Corp., an Illinois builder U.S. Home acquired in 1972.

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

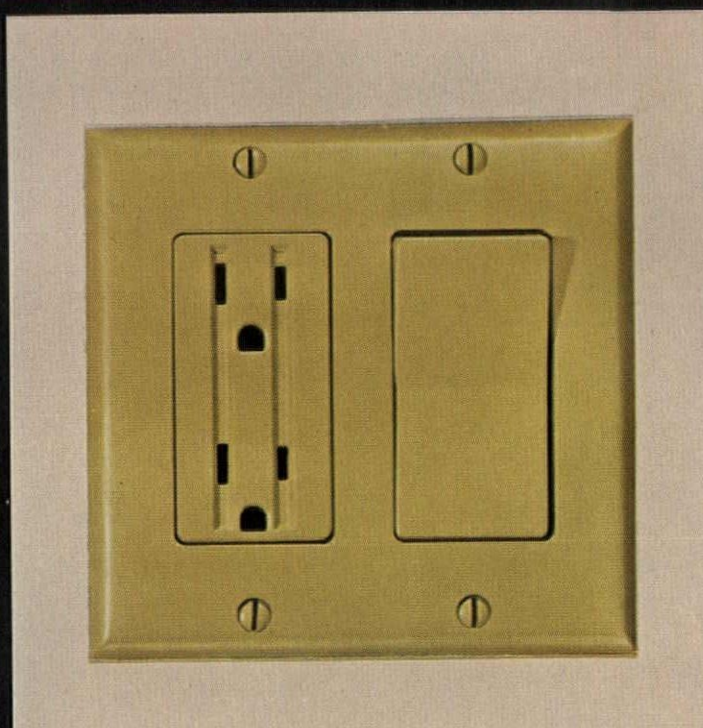
In February 1974 the builder brought similar charges against former 3H directors, asking $110 million.

For fiscal 1972, the 3H company had reported earnings of $850,000. Last year, a reaudit by U.S. Home's auditors, Arthur Andersen & Co., found 3H had instead suffered a loss.

Good design needn't cost more.



Wedgewood vase courtesy of the British Museum



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3-4. Perma-Shield Casement Windows with varying glass/Mirawall insulated panel combinations help provide flexibility and tenant privacy in the Newburg Professional Bldg., Louisville, KY.

5. Perma-Shield Narroline® double hung windows complement the Williamsburg Colonial design of the Town & Country Medical Center, St. Louis, MO.
6-7. Perma-Shield fixed windows created an appealing curtain wall for the Montana State Employment Office, Great Falls.

New Ginny Mae boss brings can-do reputation to tough job

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

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

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

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

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

GINNY MAE'S KEARNEY
Tapped by the President

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

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

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

Problems. John Burke, executive vice president of Ginnie Mae, says 1974 ought to be as good or better than 1973 for mortgage-security volume. But if housing starts decline, so will mortgage initiations. And without loan volume, Ginnie Mae won't have the quantity of mortgages it would like to back its pass-through securities.

Another problem for investors comtemplating buying Ginnie Mae is pointed out by Kenneth Thygerson and James Hollensteiner of the U.S. League of Savings Associations in Chicago.

Research by Thygerson into the actual pay-out periods of the loans in Ginnie Mae pass-through pools shows that some loans have paid off very rapidly because of an unusually large number of foreclosures. Some others have been paying off very slowly.

Most of the pools are only four years old and data are limited. But what the data suggest is that the investor, who simply calculates earnings on the basis of an average 12-year pay-out, might get either more or less yield than he bargained for. And this uncertainty might lead some investors to shun pass-throughs.

Buyer's risks. There is a further complication.

If the investor buys the security at a premium price—that is, above par—he is better off with the slowest possible pay-out.

If the investor buys a security whose price is discounted below par, however, he stands to gain more the quicker the pay-off.

Thygerson shows yields on discounted pass-throughs ranging from 9.34% on five-year pay-offs to 7.66% when pay-offs run to the full maturity of the mortgages. On the other hand, he has premium security yields running from 6.27% on a five-year pay-off to 7.28% on yield to maturity.

Says Hollensteiner: "Most of the Ginny Maes are now sold at a discount. The big financial risk is when you buy at a substantial premium. I know some institutions that bought them at a substantial premium and they paid out substantially in two or three years. I don't know what Ginnie Mae can do about it, but S&Ls ought to have a better understanding of the beast they are buying." —STAN WILSON

McGraw-Hill World News, Washington

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

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

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

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

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

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

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

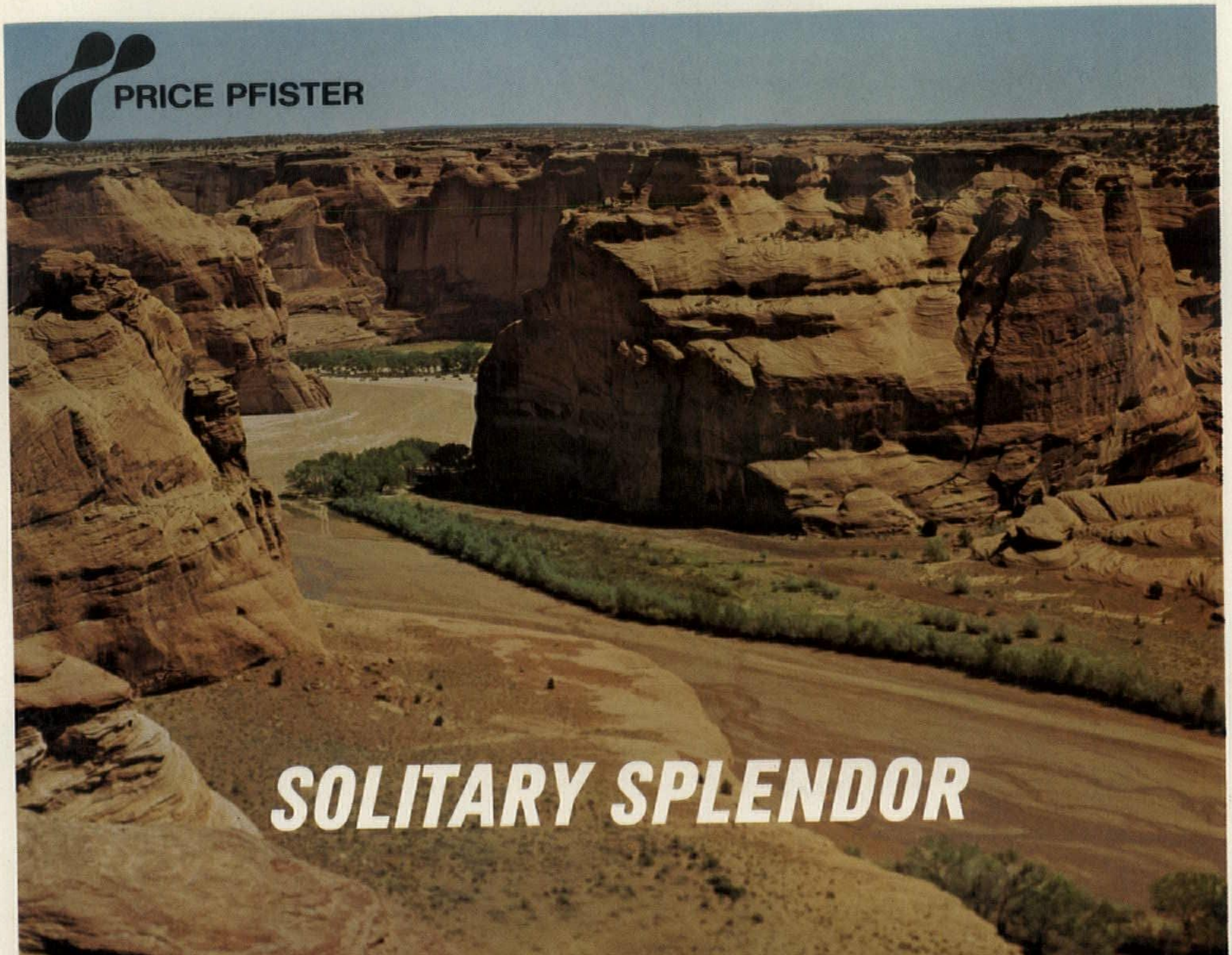
Inaction. Some residents who feel they've been victims of redlining think the FHLBB should be given direct authority to deal with the situation, regardless of whether sex or racial discrimination is involved. This would take congressional action, and that isn't likely now.

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

Ban on bias. For its part the board clearly thinks it is already doing about all it can, or should do, to resolve the redlining issue. For example, mandatory full public disclosure of exactly where an S&L gets its money, and where it lends it, has been urged by some activist groups. The board is not going to take any action on that, Platt says. As to anti-redlining regulations: The board's anti-discrimination rules, and an interpretive opinion issued by its general counsel last March 21, "adequately resolve this issue," Platt adds.

Still, the issue remains one of perhaps some portent for the S&L industry. The redlining concept is not peculiar to the mortgage-financing business. It is familiar to the insurance industry, where in recent years it helped foment a near-revolution. When insurers withdrew from the central cities, the government stepped directly into the insurance business to provide crime and other coverage. No one foresees any such development in mortgaging, but the example remains in plain view. —DEXTER HUTCHINS

McGraw-Hill World News, Washington


PRICE PFISTER
SOLITARY SPLENDOR






Gurney indicted in HUD scandal; 39 in building industry cited

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

The jury, sitting in Jacksonville, charged that Gurney also pressured HUD employees to approve housing contracts and mortgage insurance for the builders and in at least one case, instructed a HUD employee not to award a project contract.

The 33-page indictment accuses Gurney and others of extracting at least $223,000 from builders in the last three and a half years. This money allegedly was collected for Gurney by Larry Williams, a former Gurney aide serving out a year's sentence for his confessed role in the scandal [NEWS, Jan. *et seq.*].

Collections. Williams was hired, the grand jury said, to collect the money, which allegedly was used for Gurney's personal and political expenses.

The jury also accused Gurney of soliciting and accepting as a bribe a free condominium apartment valued at $67,000 in Vero Beach, Fla.

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

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

Charges. The senator was specifically charged with one count each of bribery, conspiracy and receiving unlawful compensation and four counts of making false statements to a grand jury.

In Washington, Gurney said: "I maintain my absolute innocence of any wrong-doing."

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

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

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

The grand jury also named no fewer than 42 individuals as unindicted co-conspirators. This list included Larry Williams, Miami builder John Priestes and former south Florida FHA director William Pelski, all of whom have admitted roles in the bribery case and have gone to prison. The 39 others named were:

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

Also Thomas Carney, Miami doctor and builder; Richard Duckett, Atlanta builder; Hugh Edwards, Gainesville, Fla. builder; Daniel Gilman, Orlando real-estate man; Michael Glantz, Tampa builder; William Goodman, Orlando builder; Theodore Hanes, Gurney's executive assistant in his Miami office; Melvin Kaplan, Hollywood, Fla. builder; Herbert Kravitz, Miami builder; Edgar McCurry Jr., Jacksonville lawyer; Eugene C. Mooney, Republican state legislator from Orlando; Barry D. Nelson, Hollywood, Fla. builder; Stanley Poole, architect-builder in Tallahassee and Tampa and William Poole, his brother; Joseph Porten, West Palm Beach builder; Isaac Keith Reeves, architect-builder in Orlando; Norman Rossman, Orlando builder; Irving I. Rubin of Miami, president of Palmland Homes Inc.; Ronald Stewart, Tampa builder; William Walton, Jacksonville builder; and Robert Webb, Eatontown, N.J. builder.

Three of the 42 are dead:

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

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

—FRED SHERMAN
Mc-Graw-Hill News, Miami

Dun & Bradstreet wins a mistrial

The trial of Dun & Bradstreet on charges of conspiring to defraud the Federal Housing Administration ended in a hung jury last month.

The jury reportedly deadlocked 10-to-2 for acquittal of both D&B and Arthur F. Prescott, a former manager, now on leave, of the company's office near Hempstead, L.I. They were tried for complicity in a reported credit-fraud conspiracy involving the regional FHA office then in Hempstead. The conspiracy was estimated to have cost the federal government $200 million in foreclosed mortgages in Brooklyn and Queens [NEWS, Feb.].

The jury, after deliberating 14 days, reported it could not agree. A mistrial was declared by Judge Anthony Travia in U.S. District Court in Brooklyn.

Charges and reply. The company, with headquarters in New York City, is the nation's largest credit-rating service. Both D&B and Prescott were accused of verifying FHA mortgage credit ratings that they knew to be false. Most such ratings were made on poor people, mostly black and Puerto Rican, who were applying for mortgages beyond their credit capacity.

The company said in a statement after the trial:

"The government has failed to prove its case. We are naturally disappointed that the jury did not return a unanimous vote for acquittal. As we stated categorically at the time of the indictment in March 1972, the company did not engage in any wrongdoing. We stand on our 133-year reputation for integrity and expect that further proceedings will vindicate us."

The U.S. Attorney's office said it had not decided whether to seek a retrial.

Nine-month trial. The trial, which began last October 1, was the longest ever held in Federal Court for the Eastern District of New York. The jurors had to pick their way through a web of charges that a conspiracy had been led by Eastern Services Corp. of Hempstead, N.Y., a major mortgage lender.

"It was a part of the conspiracy," the indictment read, "to submit false and fraudulent information" to D&B, which then approved a fictitious credit rating—knowingly, the government claimed—for otherwise unqualified buyers. The buyers were then sold slum properties at grossly inflated valuations, and FHA officials were bribed to approve mortgage insurance.

When the buyers, as often happened, were unable to support the mortgages, the FHA had to repossess and make good—to the tune of $200 million. There were 23 defendants charged in the original indictment. The jury sat in judgment of nine, convicting five, acquitting one and deadlocking on three. Here's the tally:

Convicted. Eastern Services Corp.—conspiracy, 18 false statements, 18 counts of bribery; Harry Bernstein, president of Eastern Services—conspiracy, one count of making a false statement, 16 counts of bribery; Rose Bernstein, his wife and business associate—conspiracy and four counts of bribery; Florence Behar, a vice president of Eastern—conspiracy, 18 false statements, three bribes; and Melvin Cardona, another Eastern employee—conspiracy, 17 false statements.

Acquitted. Joseph Jankowitz, former FHA appraiser—cleared of conspiracy and bribery.

No verdict. Dun & Bradstreet—charged with conspiracy and making false statements; Arthur F. Prescott, a former D&B office manager—charged with conspiracy and making false statements; and Herbert K. Cronin, a former chief underwriter for the FHA—charged with conspiracy and willfully overvaluing property.

Guilty pleas. Six of the orginal 23 defendants pleaded guilty to various charges. They were:

Mrs. Ortrud Kapraki, *née* Anna Froman, real estate broker; Rose Cohen, former FHA clerk; Edward J. Goodwin, former FHA appraiser; Frank Fey, real estate broker; Frank Dreis, former FHA appraiser; and Richard Bell, a title company employee.

Of the remainder, one, an Eastern Services employee, pleaded no contest; one died and six had their cases severed and were awaiting trials following the jury's verdict.

The government is not through. Several indictments remain—twelve of them against Eastern Services. —H.S.

"The entry is what your customer sees first. Impress him here and it helps sell the house."

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

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

Nord says quality.

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

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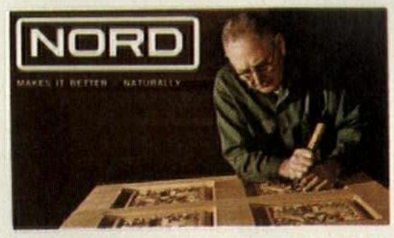

Houston custom builder Tom Overstreet with Nord's Sierra 21 door.

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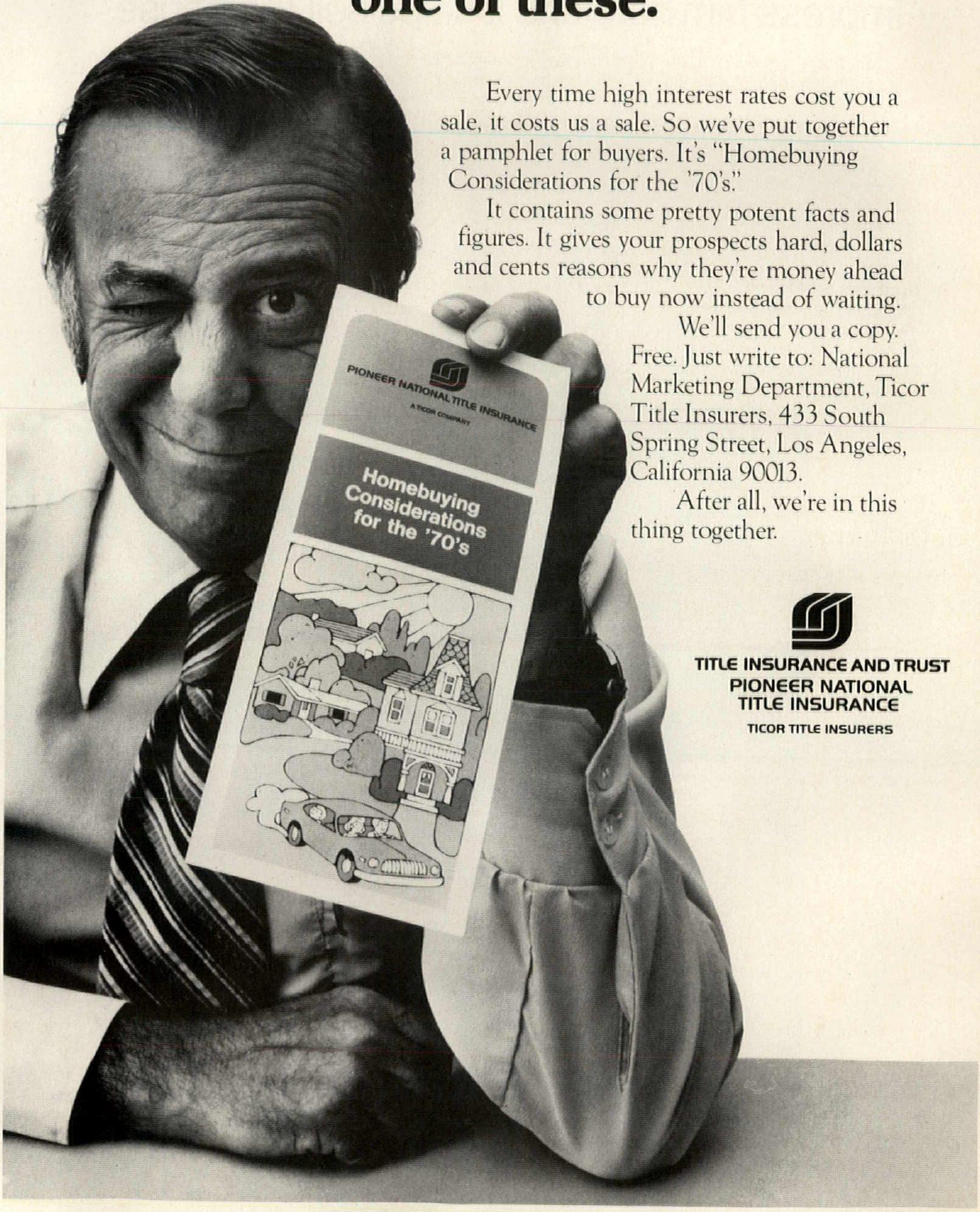

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CIRCLE 30 ON READER SERVICE CARD

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

Ex-Chairman Weinberg
'There has to come a time'

Ex-V.P. Tenzer
'Most appropriate time'

Chairman Matthews
'We're pulling up tight'

R. LICHTFOOT

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

In a recent series of surprises:

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

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

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

An explanation. Weinberg said in an interview:

"I talked to Nick about the fact that my contract was to expire in September and I told him I would not leave the company in the lurch under any circumstances. These are difficult times for the industry (and) for Larwin.

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

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

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

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

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

Cutbacks. Tenzer said his resignation was due, in part, to providing the "new senior management of Larwin the chance to complete current reorganization and restructuring efforts." The details are unclear, but Larwin has been cutting staff for some time. Late last year a vice president resigned and has not been replaced. Larwin's public relations staff has slipped from seven employees to one full-timer in a year, and that official says he plans to resign.

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

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

Matthews himself said:

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

Hint of dispute. One result of the changes may be, never the less, to intensify simmering struggles between the forces in Beverly Hills, where Larwin is located, and Chicago, where CNA has its command post. Says one former CNA official:

"There have been terrible, terrible internal struggles . . . I think you will see the situation is aggravated now because the Beverly Hills group has lost its main buffer in the person of Larry Weinberg."

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

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

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

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

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

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

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

—Dennis Chase
McGraw-Hill News, Chicago


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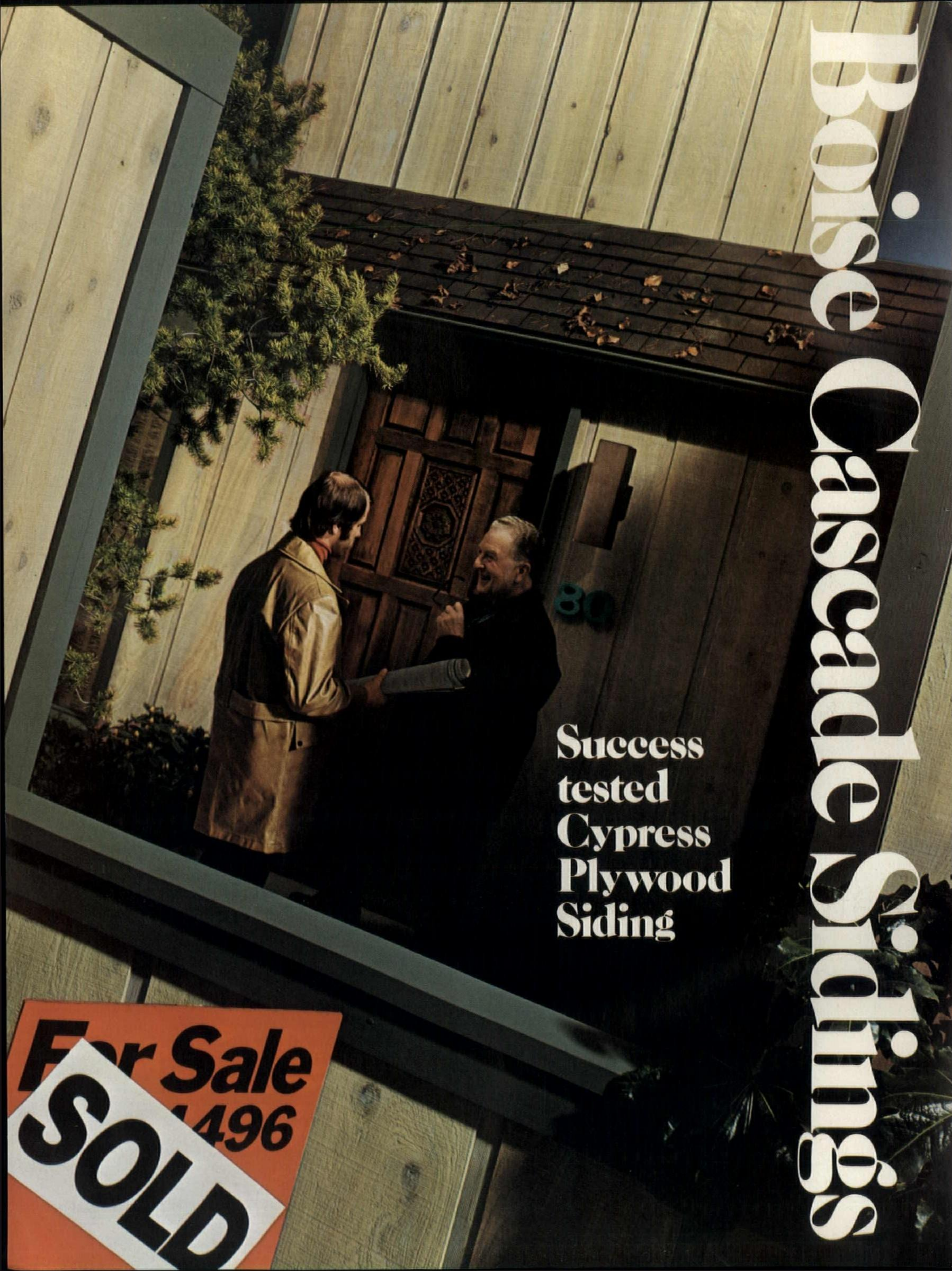
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Bankruptcy, where's thy sting? Kassuba comes up roses—for now

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

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

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

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

Sale of 63 projects. Nachman, Kassuba's spokesman in the U. S. District Court in Chicago that has been overseeing the Chapter 11 proceedings since December, said that the turning point for the Kassuba fortunes came with the recently announced plan to sell 63 of the 119 Kassuba apartment projects for $281.6 million to a syndicate headed by the realty financier John Kusmeirsky, president of Income Equities Corp. of Los Angeles. Kassuba will receive $7 million in cash and an initial payment of another $31 million in purchase money notes or junior mortgages. *(For biggest apartment acquisition of all, see page 86.)*

Nachman says the transaction will relieve Kassuba of $230 million in secured indebtedness and will ultimately yield an annual cash flow of $700,000.

Forbearance. Advising Judge Charles B. McCormick of these developments, Nachman said: "In a short period we will have concluded the sales of all but three or four of Kassuba's completed projects. At the same time major creditors like HMC, First Wisconsin National Bank and the largest creditor, First Mortgage Investors (FMI), are still advancing funds necessary to complete projects now under construction. We hope that construction on all unfinished projects will resume shortly."

Hall C. Kuehl, president of First Wisconsin National in Milwaukee, says his bank is indeed still honoring commitments to Kassuba Development Corp. Speaking of a $1.3-million suit against the bank by North American Mortgage Investors, a participating lender on some Kassuba transactions, Kuehl said:

"Regardless of these suits and threats of suits, First Wisconsin will continue to pursue courses of action it believes will best serve and protect its own position in these loans as well as the interests of other participating lenders. We believe the wisest course is to negotiate these situations in an attempt to bring the projects to successful completion."

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

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

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

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MIAMI HERALD PHOTO

Kassuba and his plane typify the easy-going life-style. He has his own pilot.

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

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

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

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

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

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

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

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

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

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

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

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

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

Kassuba coming up roses . . . *continued*

FROM PAGE 36

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

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

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

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

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

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

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

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

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

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

Walter Eichenhofer, president of EW Properties Inc. of Los Angeles, says some developers in Chapter 11 have tried to rob Peter to pay Paul.

"One developer turned to percentage of completion loans to get money in one place to make up in another," says Eichenhofer, "but that does nothing to resolve the problems of developers who have over-syndicated and overbuilt."

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

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

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

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

McGraw-Hill News, Chicago

Correction

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

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CIRCLE 39 ON READER SERVICE CARD

New St. Louis union deal offers more work for more money

The building crafts have two big concerns this summer: inflation eating into members' real income and a dismal homebuilding year that is not likely to get better if labor costs go higher.

In St. Louis, a union town, that collision between labor's hunger and its fears has produced a significant revision of work rules that promises to improve productivity considerably—more work for more money.

Overtime was reduced or eliminated in a number of situations, work hours were made more flexible and manning requirements were trimmed.

Patterns. The streamlining could have wide implications for the rest of the homebuilding industry. Estimates of the size of the unionized sector of labor in the homebuilding industry range from only 20% to 35%, but that percentage is concentrated in the industrial East and in the Great Lakes cities. The unions there often set the pattern for non-union labor there and elsewhere. Union rule changes also have a major impact on non-union practices.

The St. Louis pact was not reached without a strike: a grinding 41-day affair by a coalition of carpenters, teamsters, hoisting engineers, cement masons and laborers. And there was a hefty money settlement: 75¢ an hour immediately, 15¢ more after September 1 and another 75¢ in each of the next two years.

Builder's feelings. The agreement evoked surprisingly harmonious sentiments from spokesmen for the two sides.

Raymond F. Pieper, co-chairman of the construction industry's combined committee and president of the Associated General Contractors of St. Louis said: "Our community [must] attract new industry by making our construction costs competitive . . . and we think that this has been accomplished.

"We believe the economic increases agreed to . . . *genuinely reflect the increased productivity that will be generated by the work rule changes and fairly gives the construction workers pay raises in line with cost-of-living increases.*"

Labor's view. And E.E. (Gene) Walla, president and business manager of Teamster Construction Drivers Local 682 and spokesman for the five allied unions, stated:

"These changes were proposed [by the contractors] and ultimately accepted by our members because they realize that the name of the game is jobs—and by keeping our fair union contractors competitive, we are all working towards the same goal—more work in the St. Louis metropolitan area."

Painters too. The agreement that came out of the strike was not the whole story, either. The painters (as they have done in St. Louis since 1928) settled without a strike, and they modified their rules too.

Their spokesman, Executive Secretary Arthur Hunn, said:

"We may be the first AFL-CIO painters' union to eliminate all restrictions on the use of spray equipment."

Previously, the contractors needed union permission to use spray equipment and had to pay an entire crew a $1.50-an-hour premium. (A good spray team can accomplish the work of at least seven men with brushes.)

"Now," said Hunn, the St. Louis painters' head since 1937, "spraying can be utilized on any job . . . and we've agreed to maintain the premium only on the man actually doing the spray work. It should save contractors about $1.50 an hour, since the premium will be divided by a two-man crew."

The times, it seems, have changed. —Ted Schafers
McGraw-Hill News, St. Louis

WHAT ST. LOUIS UNIONS ACCEPTED

ALL UNIONS

1. **Flexible starting time**—Can be anytime from 7 to 8 a.m. if it applies to all five trades (exception: Teamsters can start as late as 8:30). Time can be 8 to 9 a.m. in winter or be set by agreement under unusual conditions.

2. **Night work at near straight pay if day work is impossible**—Projects such as modifying an operating factory at night no longer require overtime pay, but workers get eight hours' pay for seven hours' work.

3. **Standard holidays**—Various unions had taken different holidays.

4. **Shorter guaranty**—Craftsmen, once assigned to a shift, had been guaranteed five days' work on that shift. Now it's three.

CARPENTERS

1. **All shifts on straight pay**—The third shift had been on overtime. No more.

2. **Steward's jurisdiction restricted to own job**—The previous contract required a job steward on each job or shift. As a result, a steward would sometimes leave his own job to go to another contractor's project and perform steward functions. No more.

3. **Absent carpenter**—A carpenter need no longer be on hand for long concrete pours.

4. **Full use of air hammer**—Air and sheeting hammers used in piling work had been limited to driving 4x4's and wood sheeting. No more.

5. **Disputes**—Arbitration is decreed for disputes over millwrights' running of new equipment.

6. **Tool sheds**—Employer need no longer provide them where parking space is ample. Carpenters can store tools in cars.

7. **Travel pay**—Both sides agree on expenses to be paid before travel takes place.

HOISTING ENGINEERS

1. **Guaranteed hours**—Modified. Engineers had gotten eight hours' pay if they showed up for work. Now, it's two hours for show-up, four if they start, eight hours if they work past lunch on site preparation work.

TEAMSTERS

1. **Emergency work**—Straight-time pay for first eight hours. Overtime had been rule.

Holiday pay—Eligibility tightened.

MASONS

1. **Foreman**—Only one for every six masons. Formula had been one for five.

LABORERS

1. **Steward ratios**—Only one man in six need be a steward. It had been one in ten.

Certain-teed president quits; company will back Valley Forge Corp. after all

Certain-teed Products Corporation's president, Byron C. Radaker, has resigned and given up his position as a director of the company's troubled land-development subsidiary, Valley Forge Corp.

Certain-teed has also reversed its refusal [News, July] to provide further financial support to VFC. The parent had said it was preparing to write off up to all of its $27-million interest in VFC. But Certain-teed has now agreed to guarantee up to $6.2 million in new Valley Forge bank debts, $1.2 million of it VFC deposit balances presently restricted by the banks that are involved.

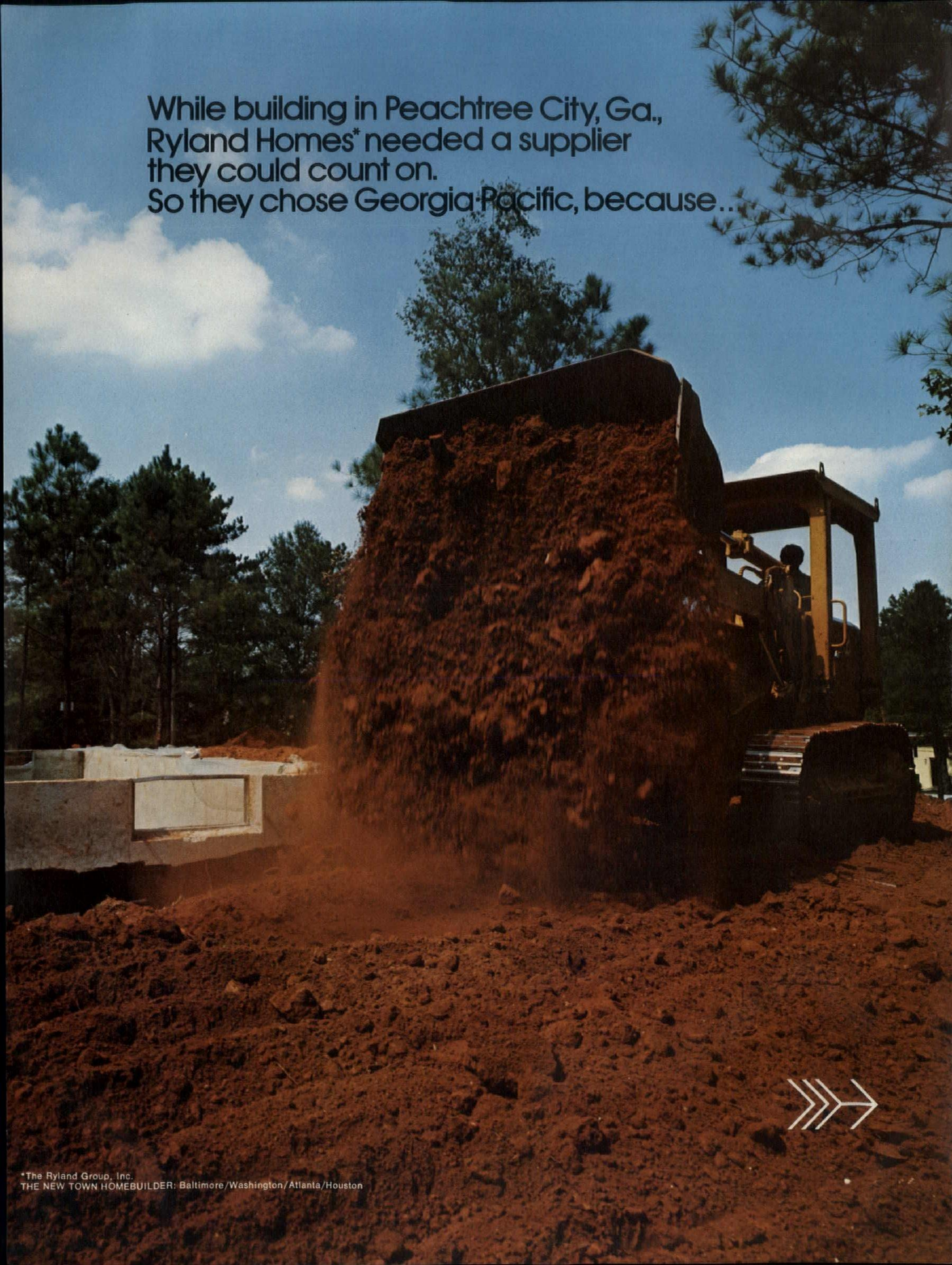
Bank moves. Banks that are creditors of both corporations were upset by the original withdrawal of financial support, and Certain-teed's reversal followed new negotiations with them. They include the First National of Chicago and First Pennsylvania Banking & Trust.

For their part, the banks have agreed to extend maturity six months on $23 million owed them by VFC and to use their best efforts to renegotiate their credit agreement with Valley Forge. Interest on the debt is also deferred six months.

Management shuffle. Radaker, 40, has been replaced as president by George J. Haufler, 41, formerly executive vice president at Certain-teed. Donald E. Meads, 53, took over as chairman of the board, a post vacant since February, and as chief executive and chairman of the executive committee. Meads left his position as executive vice president of INA Corp. to take the job. INA, a Philadelphia insurance company, owns 3% of Certain-teed's common stock.

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

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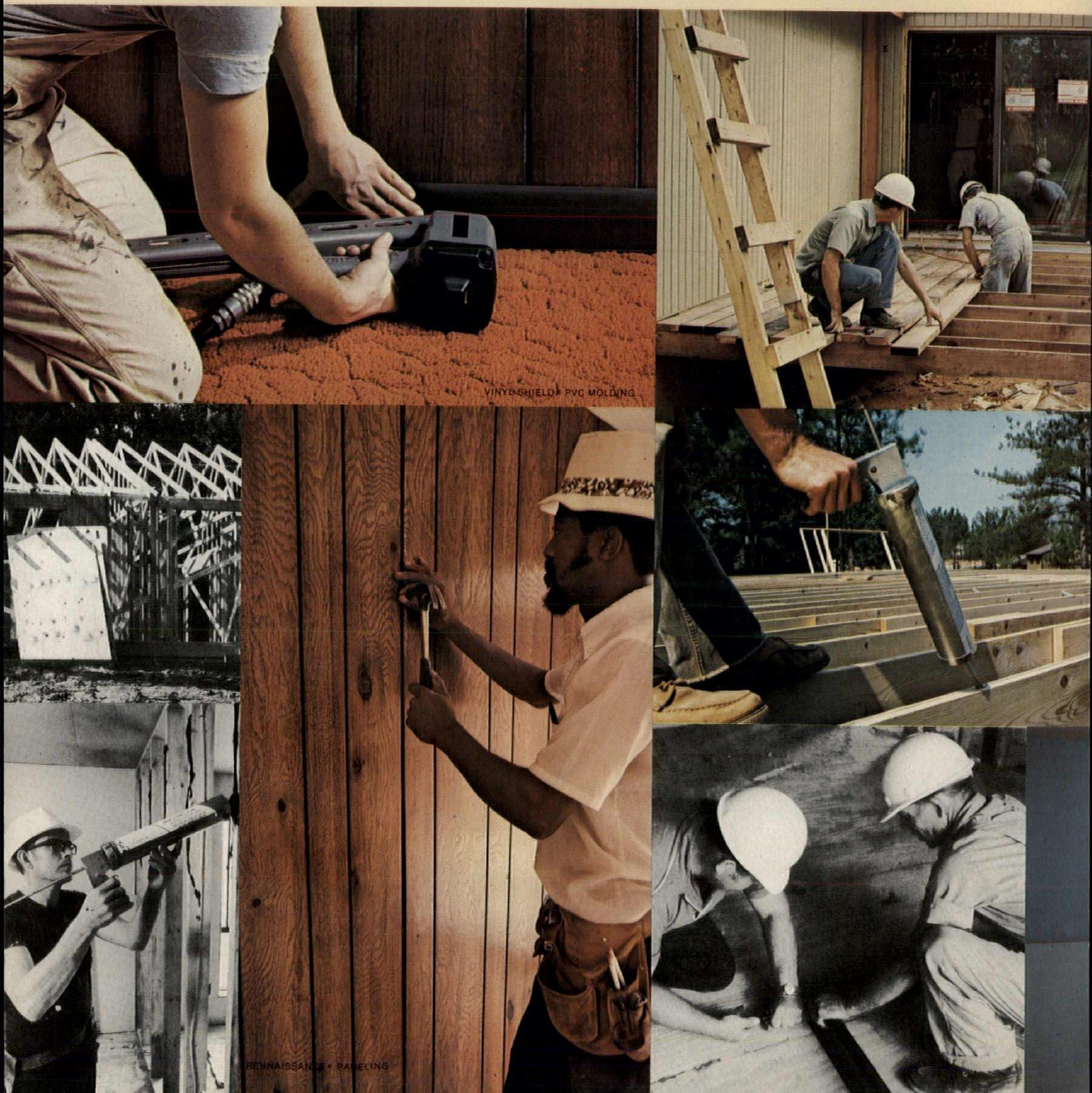

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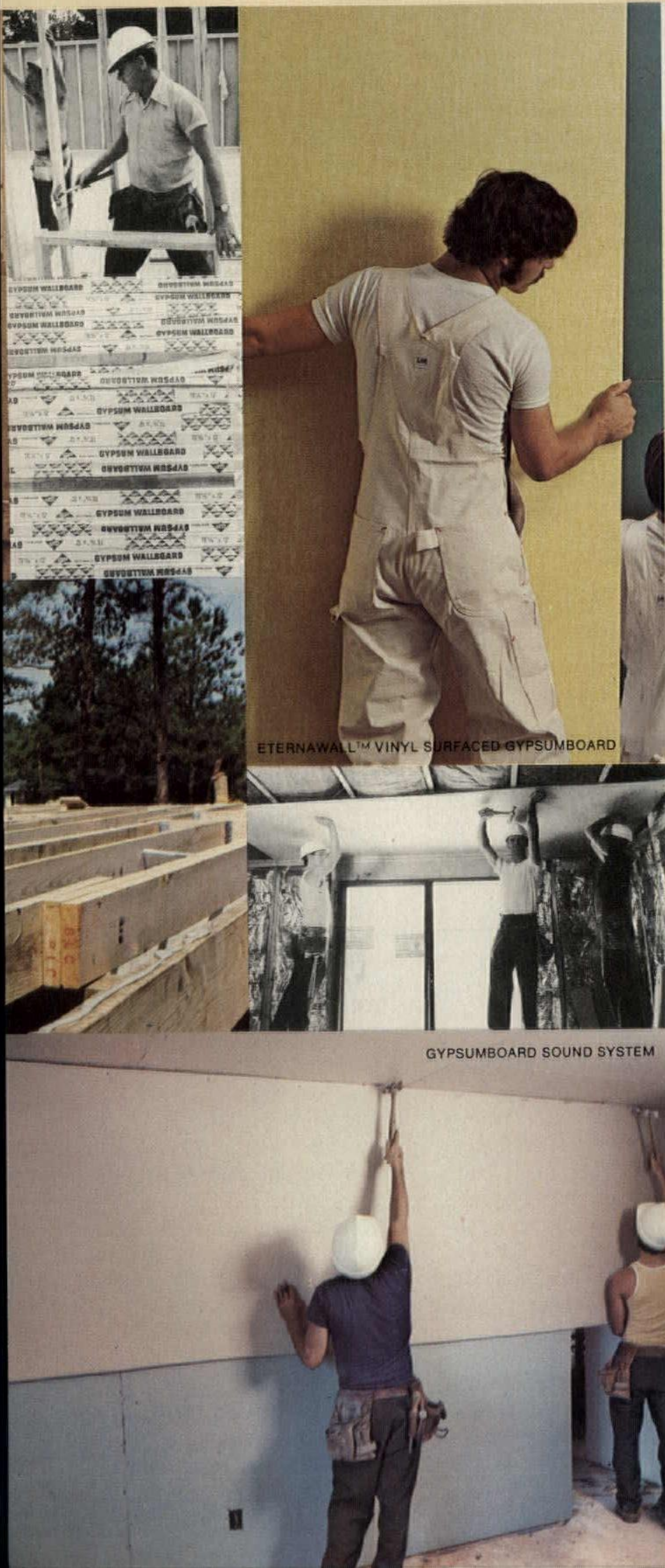
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CIRCLE 43 ON READER SERVICE CARD

Tornado town: Its builders bring Xenia, Ohio back to life

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

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

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

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

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

Mid-Continent Properties of Piqua, Ohio had been developing the Arrowhead subdivision since 1962, when the company was formed. Mid-Continent had built 1,400 homes and was adding a new section of 167 lots when the tornado hit. Between 300 and 350 homes were destroyed in Arrowhead.

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

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

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

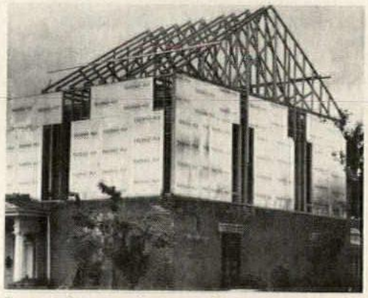
Up-grading. The rebuilds represent substantial up-grading.

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

H&H PHOTOS

Rebuilding of Xenia produces slab house for a Stadium Heights couple.

New home rises in Pinecrest, where $40,000-$50,000 units were leveled.



Second-story job is done by Brown Construction, experts on old homes.

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

Mid-Continent has more than 95 contracts to rebuild.

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

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

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

The subdivision was not hit by the tornado, but Ryan decided it wanted to help rebuild Xenia. Don Howells, division manager in Dayton, Ohio explains:

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

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

Stress on basements. "I think the biggest reason we've been so successful is that we're known as a basement homebuilder whereas the general Dayton-Xenia market is slab," Howells goes on. "I guess that, having gone through that tornado, many families like the idea of a basement."

Howells says his company's decision to enter the rebuilding market in Xenia resulted from three considerations: 1) People asked Ryan to do it; 2) Ryan had a manufacturing operation ten miles from Xenia; and 3) Ryan had sufficient labor and materials to take on the additional volume without delaying other subdivision work.

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

Labor and some materials are short, but Collett explains: "Our subs have been taking care of us within a week of what they used to, so that's not bad."

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

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

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

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

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

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

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

So did the builders—and the planners—and most political leaders. The result is that Xenia is alive and well—and building apace. —ART ZIMMERMAN
McGraw-Hill News, Cleveland

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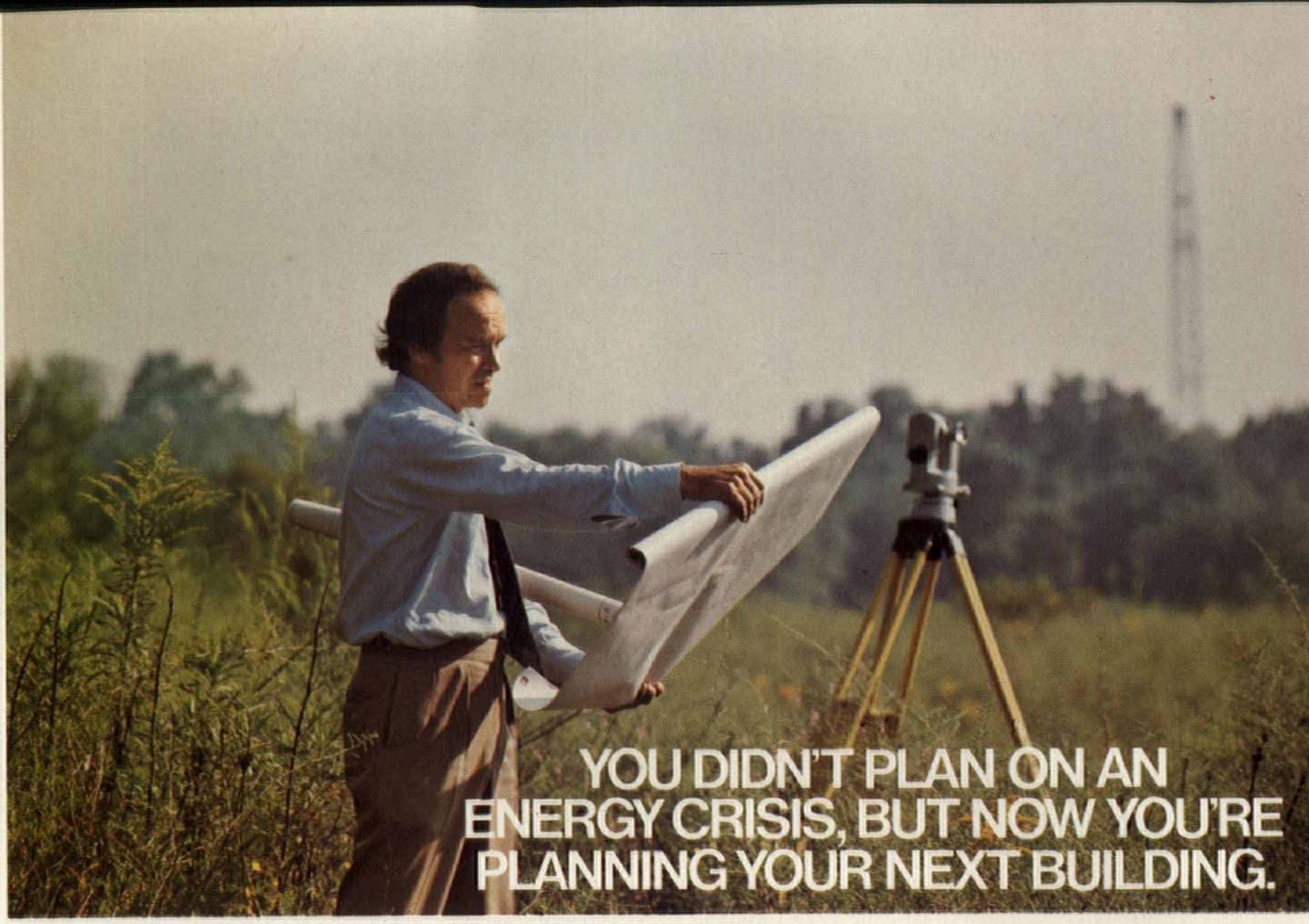
CIRCLE 45 ON READER SERVICE CARD



Which building material will you use?

You've got energy shortages to think about. Air-conditioning costs. Heat gain through the long, hot summers. Heat loss in the winter months. Heating equipment costs. The whole set of energy-use factors suddenly has become critically important. The building material you use affects all of them.

Compare the energy conserving capability of masonry, for instance, with double-plate glass walls.

At 4:00 P.M. on a hot August day in Washington, D.C., the heat gain through a square foot of west-facing insulated brick and concrete block wall will be 2.2 Btus an hour.

The heat gain through a double-plate glass wall in the same location will be 173 Btus a square foot in an hour. A big difference.

Project this differential over 10,000 square feet of wall. You come up with a heat gain through masonry of 22,000 Btuh, while the heat gain through double-plate glass is 1,730,000 Btuh.

In the case of the masonry wall, cooling equipment with a two-ton capacity can handle the heat gain. But with the double-plate glass wall, about 143 tons of cooling capacity will be needed.

An analysis of a typical 10-story building shows that over its useful life, the air-conditioning cost for a square foot of our masonry wall will be about 23 cents. For the double-plate glass wall, it will be $7.60.

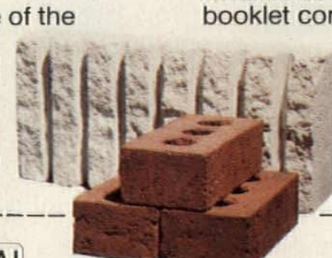
It takes a lot of money to buy, install and create space for all the extra air-conditioning equipment required by the double-plate glass wall. A lot of money and a lot of energy to run that equipment.

Compare the heat loss in winter. It has a dramatic effect on energy consumption and building operation costs.

Our masonry wall, for example, has a "U-value" of .12. The double-plate glass wall has a "U-value" of .55. (U-values are used to determine heat loss through one square foot of wall area in Btuh per degree Farenheit differential across the wall.)

This means that the masonry wall is about 450% more efficient, on the average, than the glass wall in reducing heat loss.

Over the useful life of the building, the heating cost per square foot of wall area for masonry will be about 30 cents. For double-plate glass, about $1.38.



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CIRCLE 47 ON READER SERVICE CARD

Prominent builder tells his story: surviving Nazis, building futures

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

For another, he is a survivor of Auschwitz.

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

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

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

*Published 1974 by David McKay & Co., Dept. T, 750 Third Avenue, N. Y. 10017, 386 pp.; $8.95

BUILDER SHAPELL
Auschwitz—and beyond

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

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

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

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

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

Jim Walter Corp. gets new president

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

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

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

KINCAID

CONSULTANT EDGE
Death after surgery

Stanley Edge dies; housing market expert

Stanley James Edge, chairman of the board of the Housing Guidance Council and a nationally known authority in the housing industry, died in a Washington hospital July 7 of complications from surgery. He was 61 and had lived in Bethesda, Md.

In 1956 Edge and **Miss Laurin Magee** formed Stanley Edge Associates in Pittsburgh. It was one of the first consulting firms to offer a full range of marketing services exclusively to the housing industry. The company moved to Washington, D.C., in 1969, and reorganized as the Housing Guidance Council.

DEVELOPER PARKER
Victim of a heart attack

John Parker is dead; Macco's ex-president

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

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

Latest promotions and changes around homebuilding industry

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

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

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

U. S. Home is no closed shop however; it takes on **Stuart M. Ripley** as director of marketing in the Florida division. He was a vice president at California's Avco Community Developers.

Shapell Industries, Beverly Hills, Calif., names **Bernard E. McCune** vice chairman of the board. He had been a senior vice president since 1969; he has been with the company since 1961.

U. S. HOME'S HUTT
First executive veep

Garden Properties, which claims title as Alabama's largest homebuilder, appoints executive vice president **James A. Smith** its new president. Former President **Jay B. Bragg** moves to chairman.

Keep-Safe Industries of Atlanta, Ga., a supplier of burglar and fire alarms, selects **Bruce Turry** as its new president.

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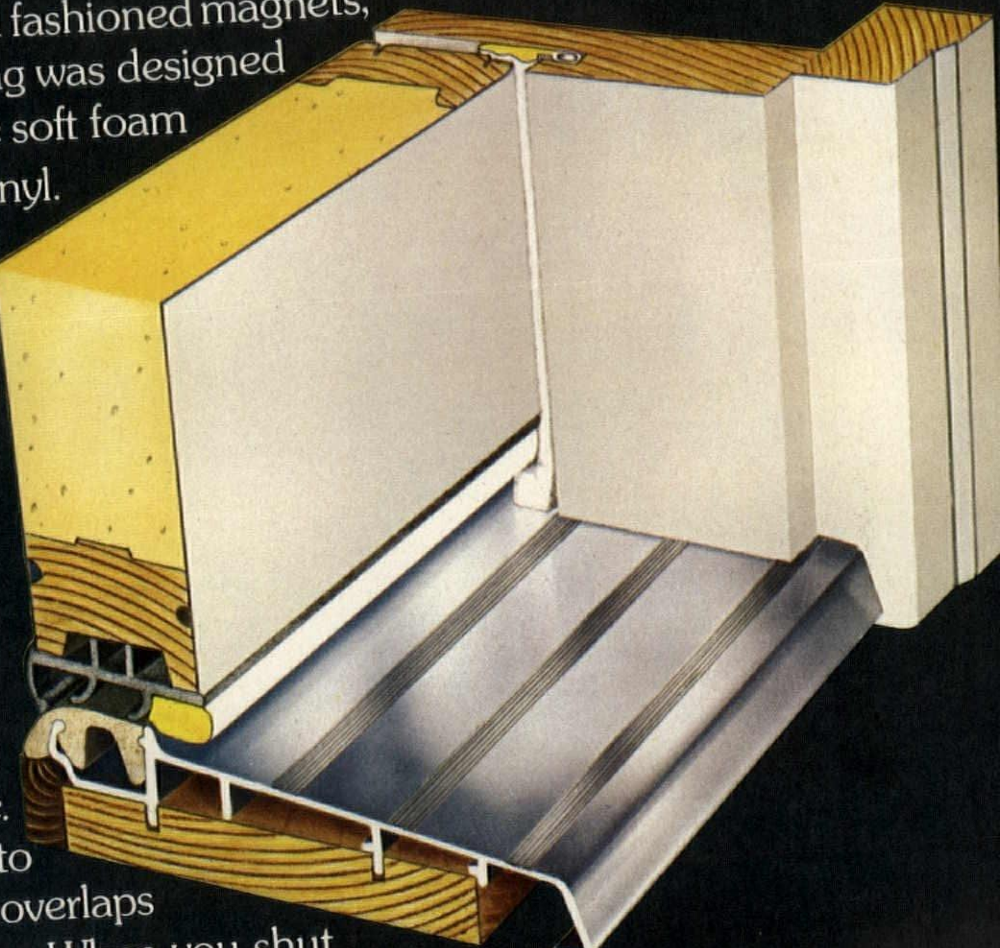
Ve started from scratch—reviewed the efforts of others—onsulted with the nation's leading experts. The result? An insulating system better than anything on the market.



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

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

The weatherstrip is locked into our special frame design. It overlaps and interlocks in every corner. When you shut the door, the single plane weatherstripping is compressed at the jambs, head, threshold and corners...compressed to give you a near perfect, continuous, perimeter weather seal. Air, water and outside temperatures stay out. Inside comfort stays in. *A great seal*...part of a great new system.

PEACHTREE DOOR

GEORGIA 30071

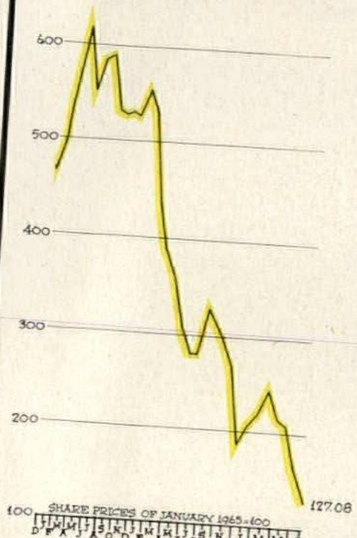
...stocks take another sharp dive

House & Home's index of 25 housing stocks plummeted to 127.08 from 163.01 in the month ended July 1.

It was the list's fourth straight monthly loss.

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

Here's the graph of 25 stocks.



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

	July'73	June'74	July'74
Builders	245	131	107
Land develop.	149	102	94
Mortgage cos.	1,183	297	244
Mobile homes	460	428	365
S&Ls	111	109	72

Company		July 1 Bid/ Close	Chng. Prev. Month
BUILDING			
Alodex—d	OT	⅝	....
AVCO Comm. Devel.—d	PC	1	– ¼
American Cont. Homes	OT	4⅛	– ¼
American Housing Sys.	OT	1	+ ⅛
American Urban Corp.	OT	1	....
Bramalea Con. (Can.)—d	TR	4¾	– ½
Campanelli Ind. (New America Ind.)	OT	1½	....
Capital Divers (Can.)—d	OT	.339	– .004
•Centrex Corp.	NY	8⅞	– 2⅛
Cenvill Communities	AM	6⅜	– 1⅝
Cheezem Dev. Corp.	OT	1¼	+ ⅛
Christiana Cos.	AM	1⅛	– ⅜
Cons. Bldg. (Can.)—d	TR	2.5	....
Dev. Corp. Amer.	AM	5⅛	....
Dev. Int. Corp.—d	OT	⅛	....
Edwards Indus.	OT	2¾	+ ¼
First Builders Bancorp.—d	OT	¾	....
FPA Corp.—d	AM	5¾	– ⅝
Carl Freeman Assoc.	OT	3⅛	– ⅛
Frouge Corp.	OT	5¼	+ ¾
General Builders—d	AM	⅛	– ⅞
Hoffman Rosner Corp.	OT	2¼	....
Homewood Corp.	OT	5¼	+ ½
Hunt Building Corp.	OT	1⅜	+ ⅛
•Kaufman & Broad	NY	4¼	– 2⅛
Key Co.	AM	2¼	....
Leisure Technology	AM	2⅜	– ½
Lennar Corp.	AM	5⅛	– 1¼
McCarthy Co.	PC	2	– ⅜
McKeon Const.	AM	1⅞	....
H. Miller & Sons	AM	9½	– ½
Mitchell Energy & Dev.	AM	19	+ ¾

Company		July 1 Bid/ Close	Chng. Prev. Month
Presidential Realty	AM	7⅝	– 1½
Presley Development	AM	3	– ⅜
Pulte Home Corp.	AM	1¾	– ⅜
F. D. Rich Hous. Corp.—d	OT	1⅜	....
Robino-Ladd Co.—d	AM	3	– ¼
Rossmoor Corp.	AM	3⅜	– ⅜
•Ryan Homes	AM	11½	+ ¼
Ryland Group	OT	5⅜	+ ⅛
•Shappell Industries	NY	7⅞	– 2⅛
Shelter Corp. of America	OT	¼	....
Standard Pacific	AM	2⅛	– ⅛
Universal House & Dev.—d	PC	1⅜	– ⅛
•U.S. Home Corp.	NY	4	– ⅝
Valley Forge Corp.	OT	¾	– ¼
Washington Homes	OT	⅞	– ¼
Del. E. Webb	NY	3¼	– ⅛
Westchester Corp.	OT	1½	....
SAVINGS & LOAN ASSNS.			
American Fin. Corp.	OT	11	– ⅞
Calif. Fin.	NY	2¾	– ⅛
Empire Fin.	AM	8	....
•Far West Fin.	NY	5¾	– ½
Fin. Corp. Santa Barb.	AM	8¾	+ ⅛
•Fin. Fed.	NY	8⅜	– 2⅛
•First Charter Fin.	NY	8	– 4½
First Lincoln Fin.	OT	2⅜	– ¼
First S&L Shares	AM	10½	– ⅝
First Surety	OT	2⅞	....
First West Fin.	OT	1⅝	– ⅛
Gibraltar Fin.	NY	9⅛	– 2⅛
Golden West Fin.	NY	8½	– 2½
•Great West Fin.	NY	11	– 7¼
Hawthorne Fin.	OT	4¾	– 1
•Imperial Corp.	NY	6¾	– 2⅜
Transohio Fin. (Union Fin.)	NY	6¼	+ ¾
Trans World Fin.	NY	6	+ ⅜
United Fin. Cal.	NY	6⅜	– ⅝
Wesco Fin.	NY	9½	– 1½
MORTGAGING			
Charter Co.	NY	29	+ ⅝
CMI Investment Corp.	NY	13¼	– 1⅝
•Colwell	AM	4	– ¼
Cont. Illinois Realty	NY	6½	– 1¾
Fed Nat. Mtg. Assn.	NY	14⅝	– 1½
Financial Resources Gp (Globe Mortgage)	OT	1⅜	– ⅛
FMIC Corp. (formerly First Mtg. Ins. Co.)	OT	5½	– 1⅛
•Lomas & Net. Fin.	NY	5	– 3
•MGIC Inv. Corp.	NY	15¼	– 2⅜
Palomar Fin.	AM	1	– ¼
Western Pac. Fin. Corp. (Formerly So. Cal. Mort. & Loan Corp.)	OT	1¾	– ⅛
UPI Corp. (United Imp. & Inv.)	AM	1⅝	– ⅛
REAL ESTATE INV. TRUSTS			
Alison Mtg.	NY	13⅞	– 1⅝
American Century	AM	4⅛	– ⅝
Arlen Property Invest.	OT	6½	– ¼
Atico Mtg.	NY	9	– 1⅜
Baird & Warner	OT	8¼	– ¾
Bank America Rlty.	OT	13¼	– 4⅝
Barnes Mtg. Inv.	OT	8¼	+ ¼
Barnett Mtg. Tr.	NY	11⅝	– 3⅞
Beneficial Standard Mtg.	AM	12⅝	– 3½
BT Mort. Investors	NY	7¼	– ⅜
Builders Investment Gp.	NY	10	– 2⅞
Cameron Brown	NY	5½	– 2⅛
Capitol Mortgage SBI	NY	6	– 3¼
Chase Manhattan	NY	16¾	– 6⅞
CI Mortgage Group	NY	4¾	– 1⅛
Citizens Mtg.	AM	7½	– 1
Citizens & So. Rlty.	NY	11⅞	– 4⅛
Cleve. Trust Rlty. Inv.	OT	5¾	– 1½
Colwell Mtg. Trust	AM	8⅝	– 2⅛
Conn. General	NY	12¾	– 2⅞
•Cont. Mtg. Investors	NY	2	– 1⅛
Cousins Mfg. & Eq. Inv.	NY	7	– 2⅜
Diversified Mtg. Inv.	NY	5	– 2⅛
Equitable Life	NY	12⅞	– 4
Fidelco Growth Inv.	AM	13⅞	– 1¾
Fidelity Mtg.	NY	2⅞	– ¼
First Memphis Realty	OT	9¾	– 1½
•First Mtg. Investors	NY	2⅞	....
First of Denver	AM	11⅝	– 2⅝
First Pennsylvania	NY	9	– 1¼
Franklin Realty	AM	3⅜	+ ⅛
Fraser Mtg.	OT	9¼	+ ¾
Galbreath Mtg.	OT	7½	– 1½
Gould Investors	AM	6½	– ¾
Great Amer. Mtg. Inv.	NY	5	– 3½
Guardian Mtg.	AM	9⅝	+ ⅝
Gulf Mtg. & Realty	AM	8⅛	– 1⅜
Hamilton Inv.	OT	7¾	– ½
Heitman Mtg. Investors	AM	6¾	– 2¼
Hubbard R. E. Inv.—d	NY	15⅜	– ⅞
ICM Realty—d	AM	10⅞	– ½
Larwin Mtg.	AM	4½	– 1
Lincoln Mtg.	OT		

Company		July 1 Bid/ Close	Chng. Prev. Month
Northwest Mut. Life Mtg. & Rlty.	NY	14⅛	– 4
PNB Mtg. Rlty. Inv.	NY	6⅛	– 4
Palomar Mtg. Inv.	AM	2¾	– ⅛
Penn. R. E. Inv. Tr.	AM	10	– ⅛
Property Capital	AM	6⅞	– ⅞
Realty Income Tr.	AM	8⅝	– 2½
Republic Mtg. Inv.	NY	6½	....
B. F. Saul, R.E.I.T.	NY	8⅝	– ⅜
Security Mtg. Investors—d	AM	3	....
Stadium Realty Tr.	OT	2¾	– ¼
State Mutual SBI	NY	7½	– 2
Sutro Mtg.	AM	6⅝	– ⅜
Unionamerica Mtg. & Eq.	AM	4⅞	– 1¼
U.S. Realty Inv.	AM	6	– 2¾
Wachovia Realty Inc.	NY	9⅝	– 1⅜
Wells Fargo Mortgage	NY	10⅝	– 2¼
LAND DEVELOPERS			
All-State Properties	OT	⅜	– ¼
•AMREP Corp.	NY	2⅞	– ¼
Arvida Corp.	OT	6	– ⅞
Atlantic Imp.—d	OT	3½	– 1½
Canaveral Int.	AM	1⅛	– ¼
Cavanagh Communities	NY	1⅜	– ⅜
Crawford Corp.	OT	5	+ ½
•Deltona Corp.	NY	4⅝	– ⅜
Disc Inc. of Amer.	OT	1	– ⅛
Evans & Mitch. Ind.—d	OT	1	....
Fairfield Communities	OT	2	– ½
•Gen. Development	NY	4½	– ¼
Getty Financial Corp.—d (Don the Beachcomber)	OT	1½	+ ¼
•Horizon Corp.	NY	3	– ⅜
Landmark Land Co.—d (Gulf State Land)	AM	2⅜	....
Land Resources	OT	1¼	– ¼
Major Realty	OT	2⅜	– ⅞
•McCulloch Oil	AM	4⅝	– ½
Sea Pines Co.	OT	6½	– 1½
South Rlty., Util.—d	AM	4¾	....
MOBILE HOMES & MODULES			
•Champion Home Bldrs.	AM	3½	– ¾
•Commodore Corp.	AM	1⅛	– ⅜
Conchemco—d	AM	10½	+ ¾
De Rose Industries	AM	1⅛	– ¾
•Fleetwood	NY	6⅝	– ⅞
Golden West	AM	2¾	– ⅜
Moamco Corp. (Formerly Mobil Americana)	AM	⅝	– ⅜
Mobile Home Ind.	AM	4	– 1
Monarch Inc.	OT	1⅞	– ⅛
•Redman Inc.	NY	4½	– 1½
Rex Noreco	NY	1¼	– ¼
•Skyline	NY	15⅜	– 1⅞
Town & Country	AM	1⅜	– ¾
Zimmer Homes—d	AM	3	– ¼
Albee Homes—d	OT	⅛	....
ASM Ind.—d (Formerly AABCO)	OT	.05	....
Brigadier Ind.	OT	1⅞	– ⅛
Environmental Commun.	OT	1	– ¼
Hodgson House	OT	1	
Liberty Homes	OT	1½	....
Lindal Cedar Homes	OT	2	+ ¼
Nationwide Homes—d	AM	6¼	+ ⅛
Shelter Resources	AM	2½	– ½
Swift Industries	OT	⅜	+ ⅛
DIVERSIFIED COMPANIES			
Amer. Cyanamid	NY	19¾	– ⅝
Amer. Standard	NY	13⅜	– 1½
Amterre Development	OT	1⅜	– ¼
Arlen Realty & Develop.	NY	2¼	– ¼
AVCO Corp.	NY	4⅜	– ⅝
Bethlehem Steel	NY	30⅛	+ ¾
Boise Cascade	NY	14	– 1⅜
Building & Land Tech.	OT	2	– ½
CNA Financial (Larwin)	NY	5¾	– 3⅞
Castle & Cooke (Oceanic Prop.)	NY	11¾	– ½
CBS (Klingbeil)	NY	34⅝	– 4½
Champion Int. Corp. (U.S. Plywood-Champion)	NY	16⅛	+ ⅛
Christiana Securities	OT	153	– 3
Citizens Financial	AM	1⅞	– ⅜
City Investing (Sterling Forest)	NY	8	– ¾
Corning Glass	NY	78⅞	– 7⅛
Cousins Properties	OT	6¾	– 2¾
Dreyfus Corp. (Bert Smokler)	NY	6⅛	– ⅜
Environmental Systems—d	OT	⅜	– ⅛
ERC Corp. (Midwestern Fin.)	OT	26½	....
Evans Products	NY	6⅝	– ⅞
Ferro Corp.	NY	21	+ 1⅝
First Gen. Resources	OT	¼	

Company		July 1 Bid/ Close	Chng. Prev. Month
Fugua Corp.	NY	7¼	
Georgia Pacific	NY	35⅜	
Glassrock Products	AM	2¼	
Great Southwest Corp.—d	OT	¼	+
Gulf Oil (Gulf Reston)	NY	19¾	
INA Corp. (M. J. Brock)	NY	25⅜	
Inland Steel (Scholz)	NY	33	
International Basic Econ.	OT	2⅞	
International Paper	NY	48⅜	
Inter. Tel & Tel.	NY	20	
Investors Funding	AM	2	
Killearn Properties	AM	2⅜	
Leroy Corp.	OT	2½	
Ludlow Corp.	NY	9⅞	
Monogram Industries	NY	4⅞	
Monumental Corp. (Jos. Meyerhoff Org.)	OT	13¾	
Mountain States Fin. Corp.	OT	5½	
National Homes	NY	2⅞	– ⅛
National Kinney (Uris Bldg.)	AM	3½	– 2⅜
NEI Corp.	OT	1⅝	– ⅛
Occidental Petroleum (Occ. Pet. Land & Dev.)	NY	9⅞	+ ½
Pacific Coast Prop.	AM	¾	
Perini Corp.	AM	5¼	+ ¼
Philip Morris	NY	55½	– 2¾
Pope & Talbot	NY	13⅜	– 1¼
Republic Housing Corp.	AM	2	– ½
Rouse Co.	OT	3⅞	– ⅛
Santa Anita Consol. (Robt. H. Grant Corp.)	OT	9¾	+ ¼
Shareholders Capital (Shareholders R.E. Group)	OT	.23	– .02
Tenneco Inc. (Tenneco Realty)	NY	19¾	– 1½
Time Inc. (Temple Industries)	NY	38½	+ 2
Tishman Realty	OT	14	– 1⅞
Titan Group Inc.	OT	¾	....
UGI Corp.	NY	11⅜	– ⅜
Weil-McLain	NY	6⅞	– ¾
Westinghouse (Coral Ridge Prop.)	NY	13½	– 2¼
Weyerhaeuser (Weyer. Real Est. Co.)	NY	37½	– 1¼
Whittaker (vector Corp.)	NY	2¼	– ⅛
Wickes Corp.	NY	12⅜	– ½
SUPPLIERS			
Armstrong Cork	NY	25⅝	– 1⅝
Automated Bldg. Comp.	AM	3½	
Bird & Son	OT	25	– ½
Black & Decker	NY	34⅝	– 4⅛
Carrier Corp.	NY	10¾	– ⅜
Certain-teed	NY	8⅛	– 2¾
Crane	NY	23¼	– ⅛
Dexter	NY	16	+ 1⅜
Dover Corp.	NY	40	+ 2⅞
Emerson Electric	NY	34⅜	– 4¼
Emhart Corp.	NY	16¾	– ⅞
Fedders	NY	6½	– ¾
Flintkote	NY	14⅛	– ½
GAF Corp.	NY	8½	
General Electric	NY	49⅛	+ ⅛
Goodrich	NY	19	– 2⅝
Hercules	NY	40⅛	+ 3⅝
Hobart Manufacturing	NY	19½	– ½
Int. Harvester	NY	23⅜	– 2¼
Johns Manville	NY	17⅛	+ ¼
Kaiser Aluminum	NY	16¾	– 1⅝
Keene Corp.	NY	3⅛	– ⅜
Leigh Products	AM	5¼	– ⅞
Masco Corp.	NY	38⅞	– 1⅛
Masonite Corp.	NY	27¾	– 5¾
Maytag	NY	24¼	– 1¼
National Gypsum	NY	11¼	– ½
Norris Industries	NY	18⅛	
Overhead Door	NY	13¼	+ ⅝
Owens Corning Fibrgl.	NY	46⅛	– 2⅜
Potlatch Corp.	NY	28⅜	– 1⅜
PPG Industries	NY	24½	– 2¼
Reynolds Metals	NY	18⅛	– 1¼
Rohm & Haas	NY	80¼	–11¼
Ronson	NY	6⅜	+ ⅛
Roper Corp.	NY	12¾	– ¼
St. Regis Paper	NY	26	+ 1⅜
Scovill Mfg.	NY	11⅞	– ⅜
Sherwin Williams	NY	37½	– ⅜
Skil Corp.	NY	9	– 2¼
Slater Electric	OT	6¾	– 1½
Stanley Works	NY	20⅞	– ¼
Tappan	NY	5⅞	– 1¼
Thomas Industries	NY	7⅞	– ¾
Triangle Pacific	NY	11⅛	+ ⅝
U.S. Gypsum	NY	18	– ⅞
U.S. Steel	NY	44¾	+ 2¼
Wallace Murray	NY	8¼	– 1
Jim Walter	NY	17⅜	– 2⅞
Whirlpool Corp.	NY	23¼	– 1⅞

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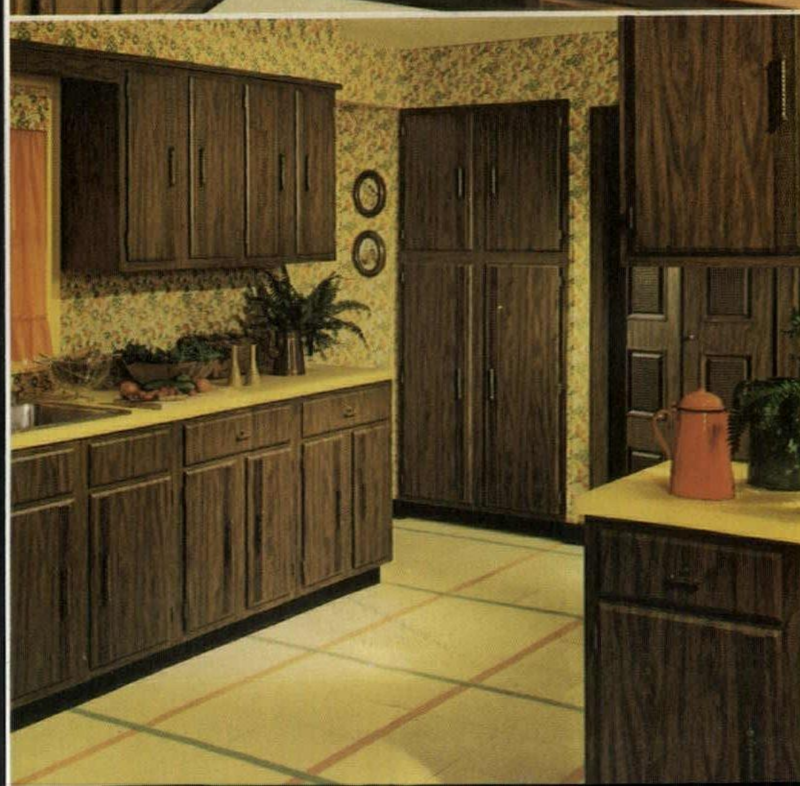


Raygold

Florida developers discover an attractive alternative–

Cellwood Bi-Folds.

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

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

PHILIP PEARLMAN,
President

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

EDWARD KLASSMAN,
Director of Marketing and Sales

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

SEYMOUR BINKOV,
Project Manager

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

For more information on CELLWOOD Bi-Fold doors . . . the attractive alternative . . . write or call Mr. Richard F. Andrews, National Sales Manager, Allastics, Dept. 6564 Warren Drive, Norcross, Ga. 30071, (404) 449-1000.

Cellwood

Bi-Fold Doors and Shutters

Allastics A DIVISION OF KUSAN, INC


TEMPLE
INDUSTRIES

HOUSING INDUSTRY FIRST:

A show-and-tell book on merchandising with interior design

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

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

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

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

Heavy reader response to the column convinced Mrs. Eichen and H&H editors that there was a great need among housing professionals for a book on interior design as it relates specifically to model homes and apartments.

Such a book, they agreed, should present model-home interior design from a how-and-why standpoint rather than with the typical pretty-picture approach.

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

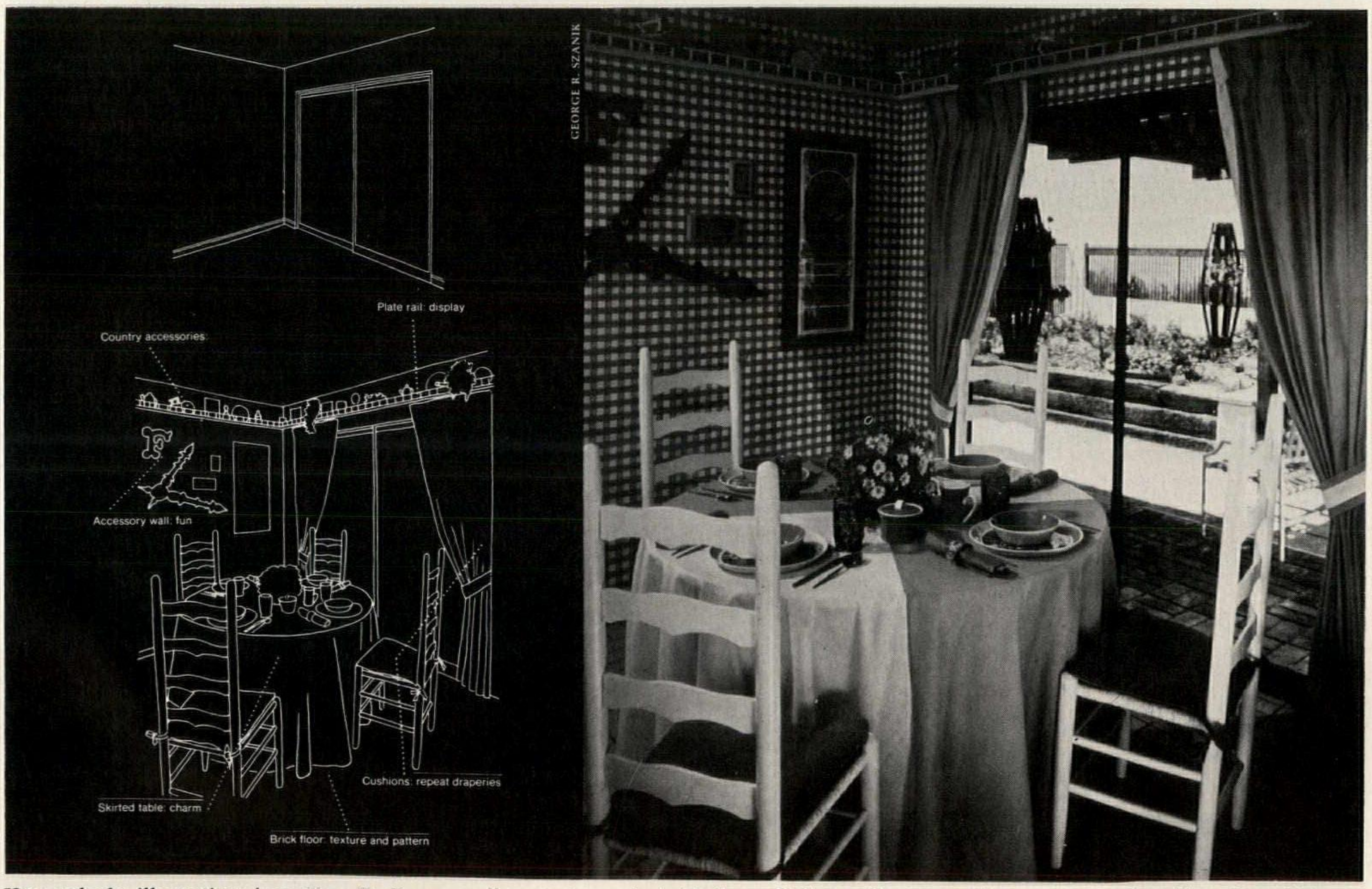
Additionally, because there is more to model-complex presentations than the actual decoration of the models, the book discusses such related subjects as:

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

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

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

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



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

WYNN HOPKINS

For a builder's fourplex market: Here's a new fiveplex design

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

Advantages of the new design:

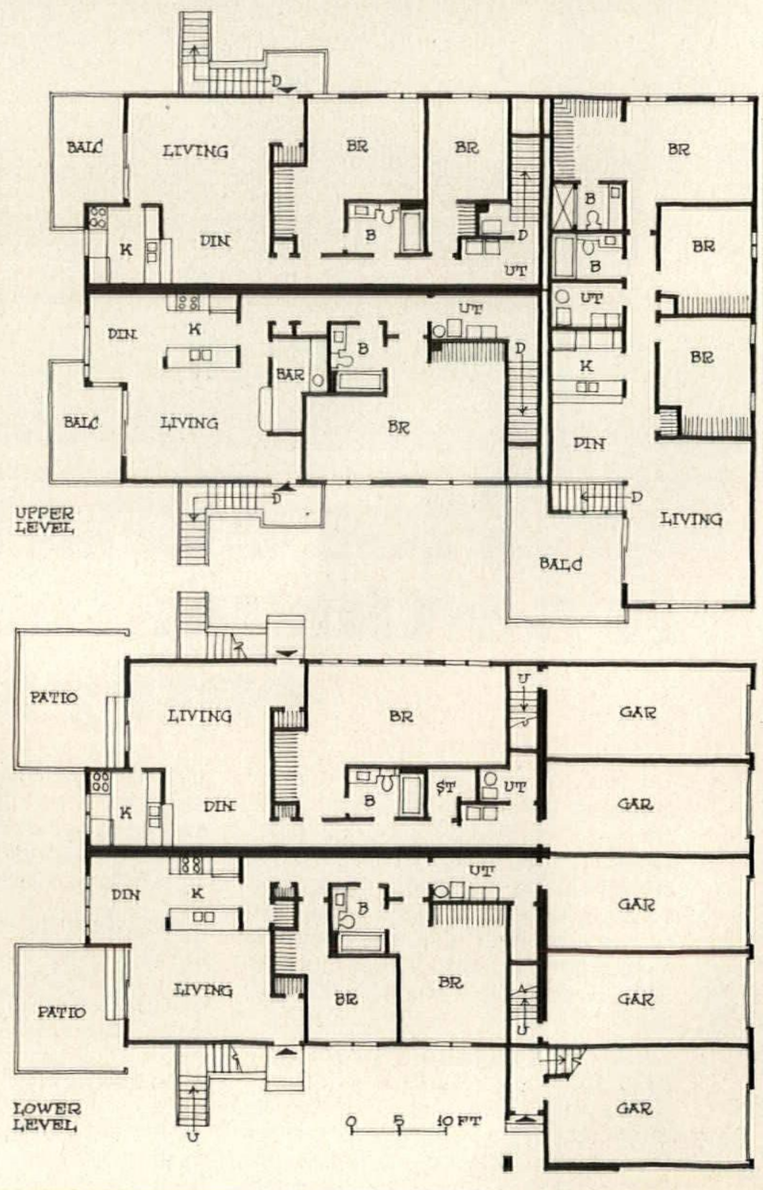
- Each building offers buyers a choice of one, two or three bedroom units. Prices range from $28,000 to $32,000, unit sizes from 1,010 to 1,250 sq. ft.
- All units have one-level plans. So little space is wasted on interior stairways, and there are no complaints from prospects who balk at running up and down stairs in their homes.
- Every unit has a private outdoor area—either a deck or a patio.
- All units but one have two entries. One is directly from the garage—a feature that pleases security-minded buyers, according to sales manager Bill Sullivan.
- The fiveplexes are designed and built to reduce unit-to-unit noise transmission. Examples:

Living and bedrooms are isolated from party walls; party walls are constructed of double wood studs, batting and ½"-thick drywall hung on noise-absorbing resilient channels; and second story floors are topped with 1½" of concrete.

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

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

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



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

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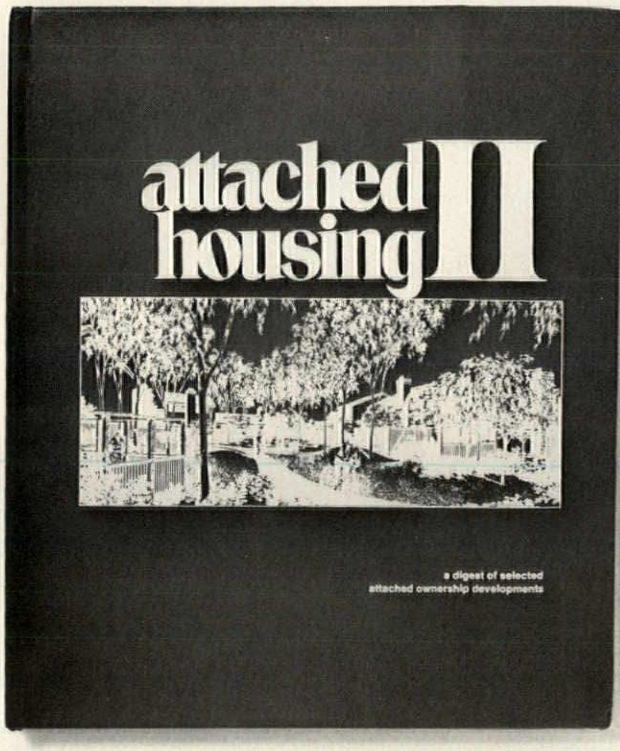

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Highly readable, the format of Attached Housing II provides a development critique which outlines the basic profile of each of the plans, features and amenities. It also includes schematics of the floor plans as well as the land plans utilized.

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

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

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

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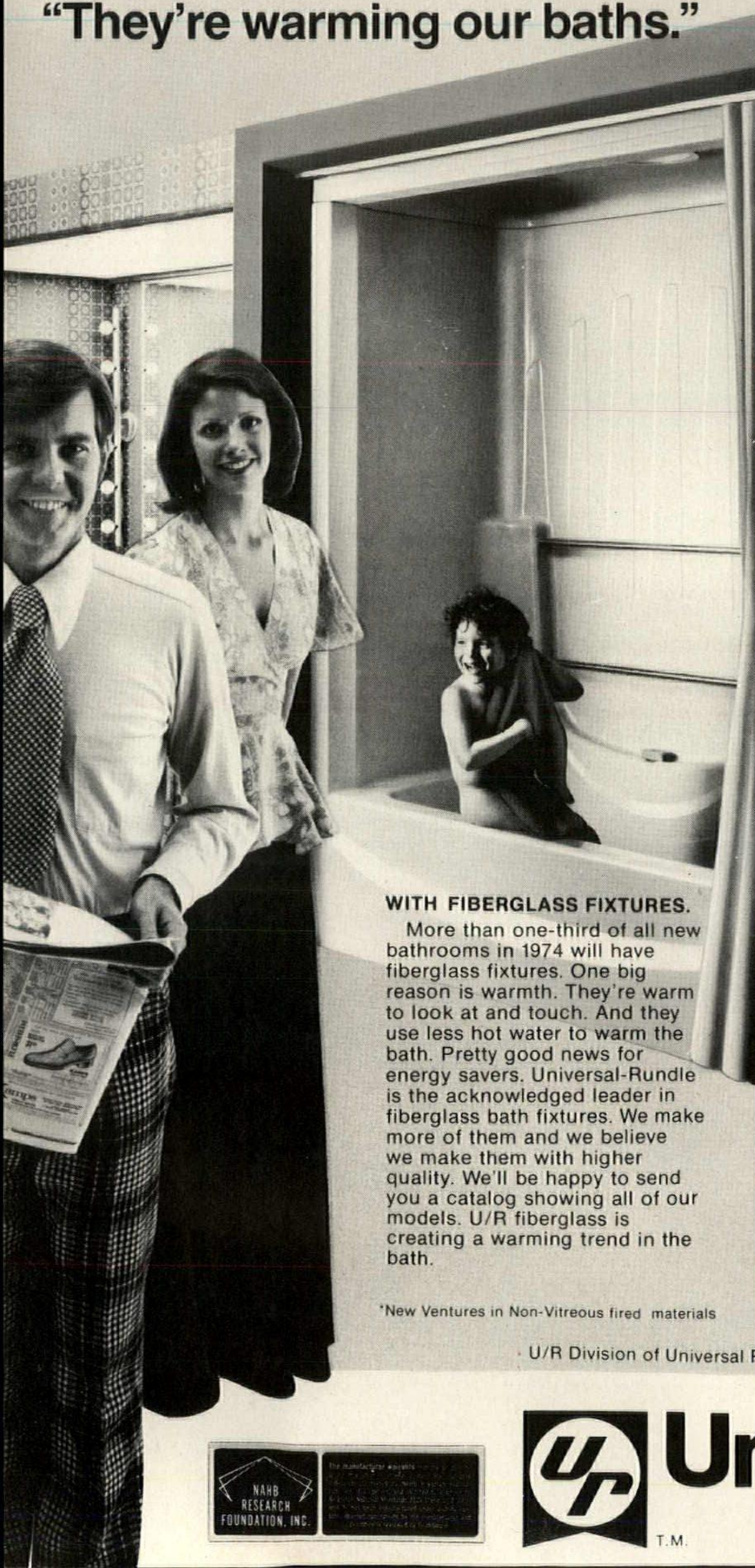

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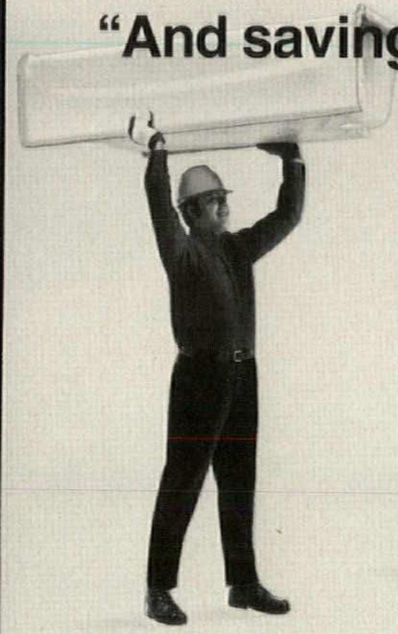

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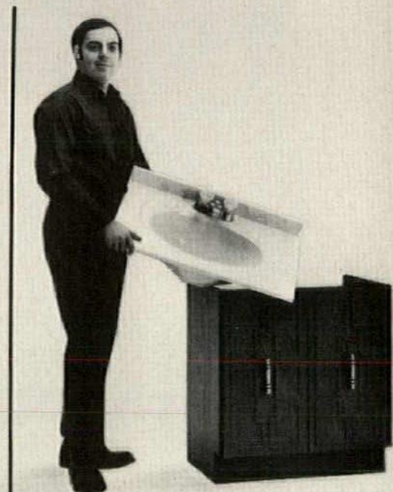

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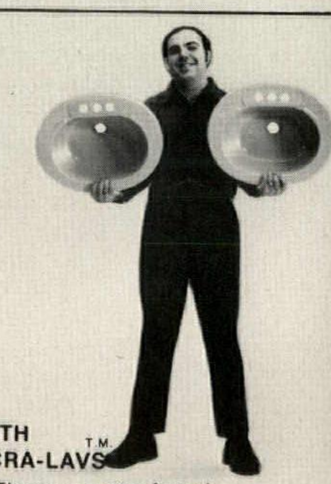

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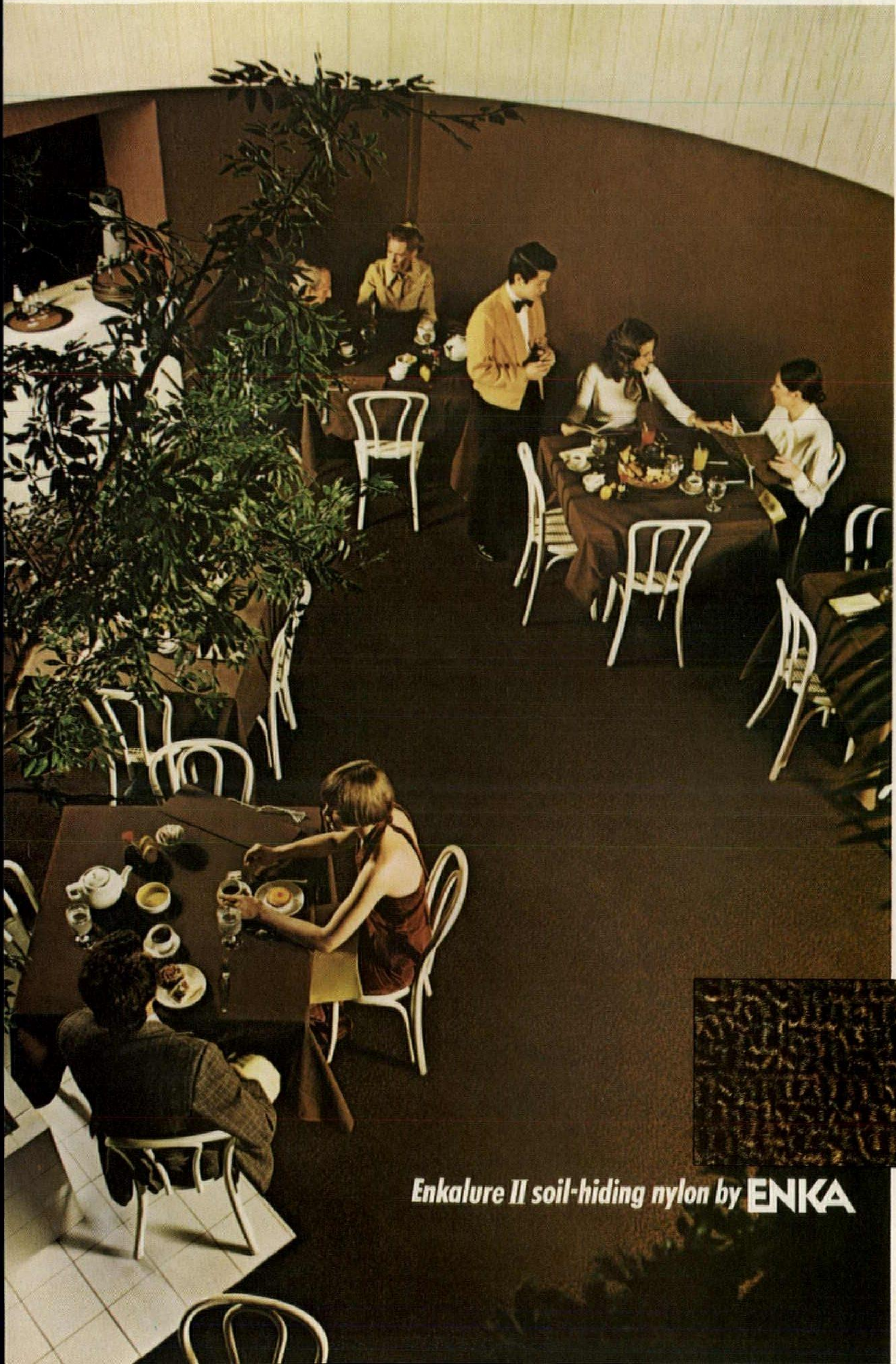

Where else but in the garment center of New York City would you expect to find a Kosher Chinese restaurant?

And, if you were the proprietor of that restaurant, and you anticipated that some Ku Lo Veal or flanken might land on the floor, what else would you choose but a soil-hiding nylon carpet that's durable and easy to maintain?

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

From all the colors and patterns available, he found the one perfect for the restaurant's decor.

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

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CIRCLE 64 ON READER SERVICE CARD

Editorial

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

It's the big flops that make the news.

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

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

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

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

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

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

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

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

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

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

MAXWELL C. HUNTOON JR.

PHOTOS: KIRK RUSSELL

Old-style graphics
reflect the historical New England theme
of Olde Mistick Village,
a specialty shopping center
in Mystic, Conn. (see page 70).

If you're looking for new ventures—and you have a flair for design and merchandising—check out . . .

THE SPECIALTY SHOPPING CENTER

WHAT'S SPECIAL ABOUT IT?

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

WHY CHECK IT OUT?

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

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

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

WHAT MAKES IT GO?

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

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

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

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

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

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

To wit:

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

The nearest regional shopping center is five miles away, but a new regional is being built downtown, which is good news to Trolley Square manager Richard Robins: "Our downtown, unlike so many others, is going to stay alive."

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

- Old Town, located on a corner site, bordering the affluent Park Cities section ten minutes north of downtown Dallas, is close to a central expressway and only one mile from a large regional shopping center.

"Our area had very few convenience centers," explains Bob Dickson, Dallas operating partner for Lincoln Properties, which built the 175,000-sq.-ft. center. "All the centers around here were large ones that take a lot of time and work to shop at. We made our center easy to get in and out of for people who don't want to spend the day."

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

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

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

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

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

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

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

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

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

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

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

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

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

SALT LAKE CITY

Trolley Square

Renovated car barns and machine shops of the city's turn-of-the-century transit system form the enclosed mall of Trolley Square—a 150,000-sq.-ft. specialty center housing 80 merchants.

Only 55% completed, the center will be expanded to include another 150,000 sq. ft. of retail space plus a 220-room hotel. In the present center 11 restaurants and four movie theaters take up 45% of the square footage.

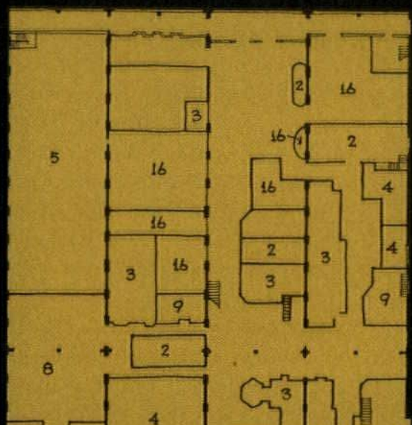
"In the late 1960s I saw the potential of the ten-acre transit-company site," recalls Wallace A. Wright Jr. "Sixty thousand cars a day passed the site, and it had a great historical legacy that could be restored." So Wright, a builder and Realtor, bought the property with six other developers for under $1 million.

Wright estimates that when completed next year the center's value will exceed $7 million. Conversion cost will be about $5 million.

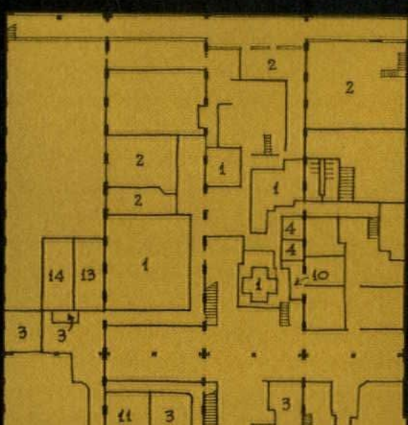
In the 1880s the site served as the Territorial Fairgrounds. So Wright tied this theme to a large indoor Farmer's Market extending the full length of a 550′ bay. A second level was added and leased for everything from a bakery and fish market to a cheese shop and fruit stand.

Ground-level rents are $6 a sq. ft. against 6% of the gross; second level rents are $4 against 6%.

Architect: A.L. Christensen.



FIRST LEVEL



SECOND LEVEL

KEY:

1 GIFTS
2 RESTAURANTS & NIGHTSPOTS
3 SPECIALTY SHOPS
4 APPAREL/SHOES
5 SPORTING GOODS
6 DRUGS/VARIETY ITEMS
7 HOME FURNISHINGS
8 ARTS & CRAFTS WORKSHOP
9 JEWELRY
10 TRAVEL
11 OPTICIAN
12 PHOTOGRAPHER
13 BEAUTY PARLOR
14 BARBER SHOP
15 LAMINATING
16 FOOD/SUNDRIES

ON THE SITE BUT NOT SHOWN: THREE RESTAURANTS; FOUR MOVIE THEATERS; ONE BANK; TWO SAVINGS & LOANS; ONE GAS STATION ill have 300,000 sq. ft. of gross leasable rea when completed plus 210,000 sq. ft. in vo highrise (ten- and 18-story) office buildngs. At least 50,000 sq. ft. of The Prune Yard occupied by restaurants and 20,000 sq. ft. y three United Artists movie theaters—00, 500 and 300 seats—which share a comnon lobby.

At the other end of the scale are Fisheran's Village at the Los Angeles marina vith gross leasable area of only 29,000 sq. . and The Mercado which has 40 retailers 1 42,000 sq. ft. of leasable space, including our restaurants but no movie theater.

Lincoln Properties' Old Town is at the niddle of the scale, with 65 merchants in 75,500 sq. ft. of leasable area.

Just as important as the problem of size s the problem of layout. Some small speialty centers miss the mark because of a ayout that doesn't allow for adequate open pace or fails to create a center of interest or creates remote locations for merchants vhere they can't help but be overlooked.

ayout: Make sure it serves he tenants as well as the shoppers

n a well planned specialty center, whether open or enclosed, no merchant gets overooked. That's because the center is laid out o a visitor finds a new surprise—something e didn't expect—at every corner and is hereby drawn through the center out of inrigue and curiosity.

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

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

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

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

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

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

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

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

Shop size also is an important factor. Kay Flood explains:

"Our original concept at The Mercado was lots of little arts and crafts shops. But once we were operating for a while we found that good merchandising requires space; so some of the shops have since knocked out walls and expanded."

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

Design: Stick to a basic scheme throughout the center

Architectural controls are extremely important in specialty centers.

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

"You can't define all the possibilities in

MYSTIC, CONN.

Olde Mistick Village

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

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

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

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

Developer: Jerry Olson and Joyce Olson Regan. Architect: J. Glenn Hughes.

(See also cover and page 66.)

KIRK RUSSELL

KEY:

1A VACANT
1B CAMERAS
1C GLASS & CERAMICS
1D ADMINISTRATIVE OFFICES
1E SHOES
2A BOOKS
2B GIFTS
3A BEAUTY PARLOR
3B BANK
4A KITCHENWARE
4B VACANT
4C DOLL/TOY MUSEUM
5 MEETING HOUSE
6 BEER & SANDWICHES
7A JEWELRY
7B CRAFTS
8A BATH SPECIALTIES
8B PHARMACY
8C SCANDINAVIAN SPECIALTIE
8D LINGERIE
8E CLOTHING
8F LEATHER CRAFT
8G ANTIQUES
8H ANTIQUES
9 TOYS
10 LIQUORS
11A GIFTS
11B ART GALLERY
12A BOOKS
12B GIFTS
12C CHILDREN'S CLOTHING
12D BAKERY
13 GIFTS
14 MEN'S WEAR
15A GIFTS
15B FABRICS
16 LAUN/DRY CLEANERS
17A MARINE ANTIQUES
17B HORSEGEAR
17C HARDWARE
18 TWO MOVIE THEATERS
19A JUNIOR SPORTS WEAR
19B NEEDLEPOINT
20 ICE CREAM & SANDWICHES
21 SAVINGS BANK
22 GROCERY
23 REST ROOMS

writing," says manager Richard Robins. "We prohibit neon signs and recommend wood, but we've approved glass and metal signs, gold leaf and raised plastic letters."

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

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

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

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

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

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

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

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

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

While interesting shops and restaurants are the basis of a specialty center's tenant mix, good specialty retailers aren't easy to find.

Says Dabaghian: "We went as far as Dallas to find shops. They had to be more than just interesting. They had to be professional, high quality and successful. It took a lot of looking. We averaged two tenants per 100 prospects."

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

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

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

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

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

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

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

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The Prune Yard

The Prune Yard, built on a 30-acre site, includes two office buildings and a 300,000-sq.-ft. retail center housing 72 merchants.

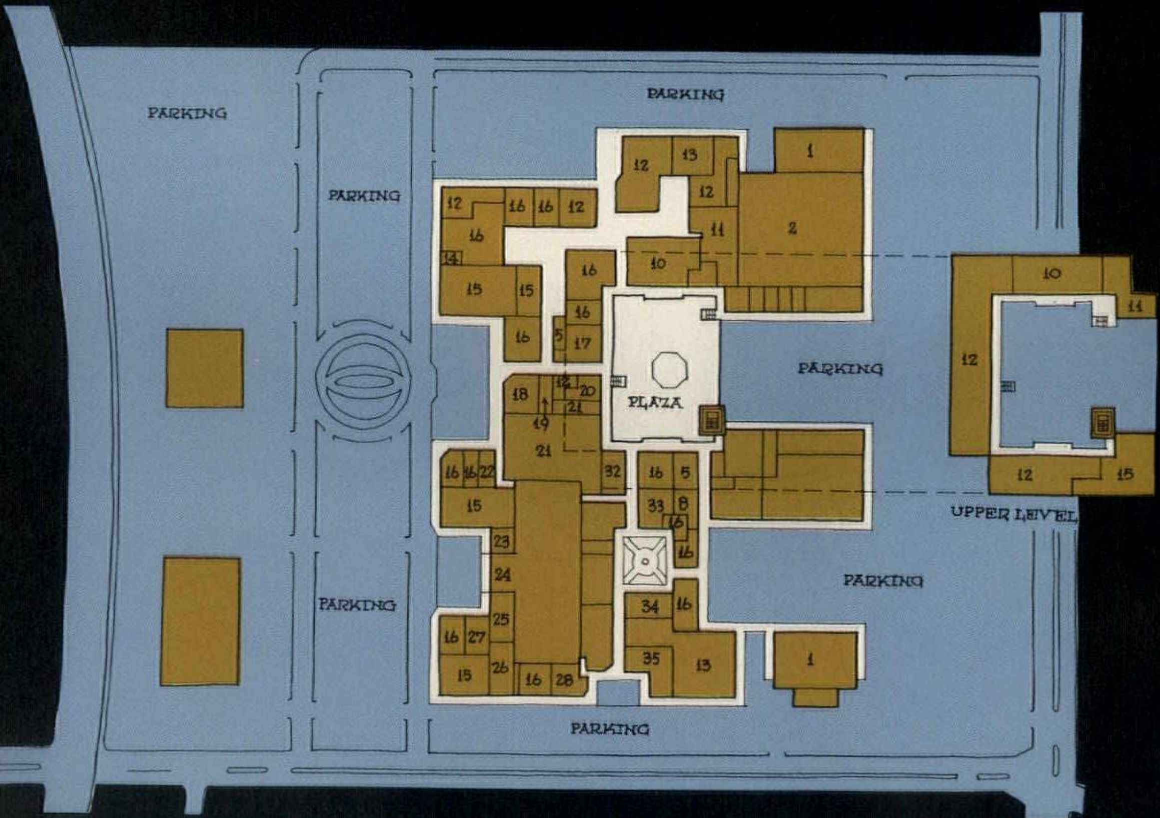
Catering to residents of an affluent section of northern California, it is focused on three major marketing factors:

- **First-class merchants—"We are extremely selective in accepting tenants because this is the key to maintaining shopper loyalty," says manager Joe Dabaghian. He averaged two tenants per 100 prospects.**
- **Intriguing layout—"The only way to see the entire center is to wander through every passageway. This means that no merchant is likely to be missed," says Dabaghian.**
- **Pleasant ambience—A variety of low-key background elements—like blooming flowers, youth concerts, spacious plazas and grassy lawns—are designed to please shoppers without attracting huge crowds of spectators.**

Eleven restaurants, occupying 50,000 sq. ft., are good money makers and help other tenants by causing people to spend more time at the center.

One restaurant even combines a bookshop with continental cuisine; and provides a trio of strolling musicians.

Developer: Fred Sahadi. Architect: Bruce Moody.



KEY:
1 BANK
2 FOOD SPECIALTIES/GROCERY
3 LIQUORS
4 PIPES & TOBACCOS
5 JEWELRY
6 BATH ACCESSORIES
7 CANDY
8 WOMEN'S SHOES
9 MEN'S & WOMEN'S SHOES
10 TWIN LEVEL RESTAURANT
11 TWIN LEVEL RESTAURANT
12 VACANT
13 HOME FURNISHINGS
14 FAST FOOD
15 RESTAURANT
16 WOMEN'S APPAREL
17 TOYS
18 FLORIST
19 BARBER
20 CHILDREN'S SHOES
21 SEWING
22 CLOCKS
23 MEN'S & WOMEN'S APPAREL
24 THREE MOVIE THEATERS
25 COCKTAIL LOUNGE
26 CARDS/GIFTS
27 COOKWARE
28 ICE CREAM
29 MEN'S APPAREL
30 FOOD SPECIALTIES
31 OPTOMETRIST
32 CAMERAS/STEREOS
33 CHILDREN'S CLOTHING
34 GIFTS
35 DELICATESSEN
36 SPORTING GOODS/CLOTHING
37 MEN'S SHOES

ents: Today's deal usually calls r a separate management fee

riginally, annual specialty center rents ere structured as follows:

Tenants paid whichever was greater—ei- er a minimum per square foot (typically 5) or a percentage of sales per square foot ypically 9%).

The landlord paid for such common-area xpenses as maintenance, insurance and xes (typically $2.50 a square foot).

Thus, for a 1,000-sq.-ft. store, where sales veraged $100 per square foot, the owner nded up with $6.50 per square foot ($9 less 2.50 for common-area expenses).

Today, it's more common for the percent- ge-of-sale figure to be 6%, with each tenant so paying a prorated share of the common- ea expenses, plus joint advertising and romotional costs. Tenants have tended to esist this arrangement, which gives owners built-in hedge against inflation. And as aintenance costs continue to rise, tenants ill be keeping a watchful eye on manage- ent's operating efficiency.

Specialty centers do require considerably ore upkeep than conventional shopping enters. At The Prune Yard, a staff of six aintains landscaping, replacing plants up o three times a year. Tenants pay 4¢ a sq. . monthly for common-area maintenance, lus a contribution to a common advertising nd promotion fund based on sales volume. ercentage-of-sales rates are negotiated in- ividually, but average 6%.

Techniques for leasing up an enclosed- all center differ from leasing up a town- nd-country center. But the general ap- roach is to categorize the tenant mix by ize and financial strength, working on the Class A prospects—for example, movie heaters and major restaurants—first, then he Class B prospects and finally the untried mall shops, like the craftsmen, that involve ome degree of risk but are essential to the enter's so-called ambience.

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

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

Shopping center leasing and management, a demanding job, has been refined into a pro- fession over the years. Those who pursue it as a career can study for the degree of CSM (Certified Shopping Center Manager) through the International Council of Shop- ping Centers' Management Institute.

The course is no snap. One applicant who recently took the final exam reported a failure rate of more than 50%. The council's membership includes some of the country's largest retailers: for example, Sears Roebuck and J.C. Penney, plus shopping center developers, owners, designers and lenders.

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

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

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

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

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

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

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

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

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

SAN DIEGO

The Mercado at Rancho Bernardo

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

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

The promotion keynote is "art in motion" so there's great emphasis on artisan/ retailers who work in front of customers. Examples: silversmiths, painters, glass blowers, wood carvers and rug weavers.

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

DALLAS

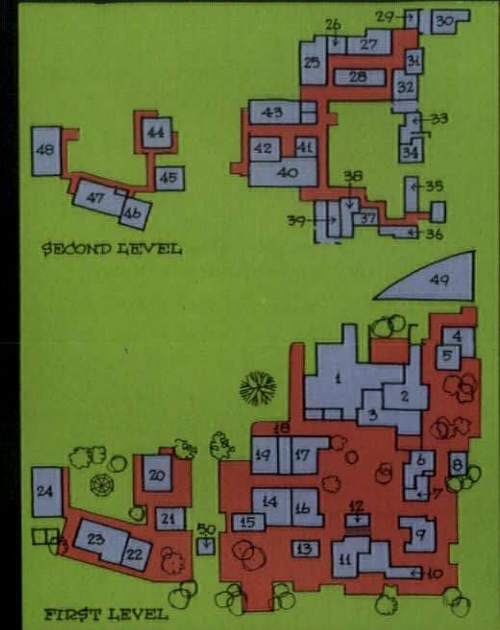
Old Town

Old Town, a 175,000-sq.-ft. center on 15 acres, is surrounded by 10,000 apartments and is close to posh neighborhoods. Traffic flow past the center: 78,000 cars/day.

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

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

Developer: Lincoln Property Architects: Environdynamics and Ted Howard.



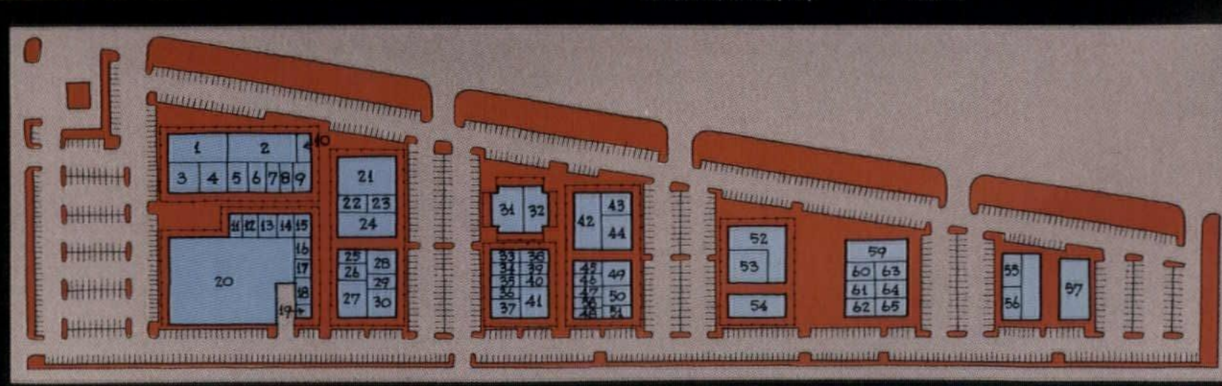
KEY:

1 RESTAURANT
2 DELICATESSEN
3 CLOTHES & FOOTWEAR
4 NATURAL FOODS
5 WATCHMAKERS/CLOCKS
6 CANDLE DIPPING
7 WOODCARVING
8 GLASSBLOWING
9 INTERIOR FURNISHINGS
10 CARDS & GIFTS
11 HANDICRAFTS & CLASSES
12 JEWELRY & ARTS
13 SHOES
14 MISSES & JUNIOR APPAREL
15 ART SUPPLIES/LESSONS
16 GIFTS
17 RUG KITS
18 GIFTS
19 HORSEGEAR
20 FASHIONS
21 GOURMET KITCHENWARE
22 WAFFLES/CREPES
23 ICE CREAM/NUTS/BURGERS
24 FRESH FISH/FISH 'N' CHIPS
25 WOMEN'S WEAR
26 SCULPTURE
27 CLOTHING/GIFTS
28 TOYS/CHILDREN'S WEAR
29 VACANT
30 BEAUTY PARLOR
31 LINGERIE/COSMETICS
32 YARN/WEAVING
33 ADMINISTRATION
34 TRAVEL AGENCY
35 INTERIOR FU
36 LANDSCAPE A
37 PRINT SHOP
38 VACANT
39 MEN'S/WOME
40 ART GALLER
41 JEWELRY/A
42 BATH ACCESS
43 BEER & FOO
44 MAINTENAN
45 "
46 PHOTOGRAPH
47 MEN'S WEAR
48 VACANT
49 NURSERY (OP
50 POTTERY/PO


DON ROGERS

KEY:

1 RESTAURANT
2 FURNITURE
3 WOMEN'S APPAREL
4 BOOKS
5 NEEDLE CRAFT
6 FURNITURE
7 VACANT
8 RECORDS
9 SHOES
10 SAVINGS & LOAN
11 GIFTS
12 HEALTH FOODS
13 BEAUTY SHOP
14 PETS
15 WOMEN'S WEAR
16 PERFUMES
17 VACANT
18 GIFTS
19 BARBER
20 SUPERMARKET
21 DRUG/VARIETY
22 GIFTS/ANTIQUES
23 CANDLES
24 FABRICS
25 WOMEN'S WEAR
26 WOMEN'S WEAR
27 RESTAURANT
28 APPAREL
29 OPTICIAN
30 MEN'S WEAR
31 SHOES
32 CAMPING EQUIPMENT
33 WOMEN'S WEAR
34 MEN'S WEAR
35 FRAMES/PRINTS
36 GIFTS
37 CLEANERS
38 WOMEN'S WEAR
39 BARBER
40 BEAUTY PARLOR
41 GIFTS
42 WOMEN'S WEAR
43 MEN'S WEAR
44 VACANT
45 WIGS
46 GIFTS
47 WOMEN'S WEA
48 COSMETICS
49 CHILDREN'S W
50 JUNIOR LEAGU
51 ANTIQUES/STA
52 RESTAURANT/C
53 MEN'S WEAR
54 RESTAURANT
55 SPORTING GOO
56 VACANT
57 RESTAURANT
58 LINGERIE
59 CAMERAS
60 GIFTS
61 VACANT
62 WATERBEDS
63 VACANT
64 DISHES
65 BOOKS



nally prominent speakers in 0-seat movie theater. And in- ng art shows with works of nown amateurs, The Prune select group of top artists and n by name.

o also emphasizes cultural ivities, many of them related ommunity. Kay Flood works lic schools' cultural arts pro- uce art shows, songfests and ents a wood carvers' jamboree

Christmas season there's an Christmas with music, sing- g from countries that are re- nerchandise sold by her ten- up is an International Food e the center's variety of cui- ged foods. The Mercado's reg- performances include fla- ariachi bands, and there are handicrafts shows like the air and Other Points of Inter-

alty centers use permanent tools like Trolley Square's English bus, which runs to ntown Salt Lake City, and an ey car, which has been reno- nted on an International Har- ired chassis, used for charter own.

d with promotion comes ad- l an annual ad budget can ¢ to well over $1 per sq. ft., how elaborate promotional and whether a center's mer- ation pools its ad funds with funds. Management coordi- er's institutional advertising hant's product ads and may e two in single ads once or .

onth at The Mercado, Kay double-truck ads that com- dual messages of all the mer- a single large headline. Each s for his own space, but the e is purchased out of the non fund. The Mercado also ts, half-page monthly ads in unity magazines, tourist- the Disneyland Vacationland chures placed in every hotel San Diego Co. and an up-to- on package at the convention n.

vities and attractions are not vertised. In fact, Joe Dabagh- very low-key approach: "We our events at all. They're the our center, and we like them to be surprises. Our visitors never know what to expect, but they know they'll always find something interesting going on here."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SOUTHBURY, CONN.

The Village Green at Heritage Village

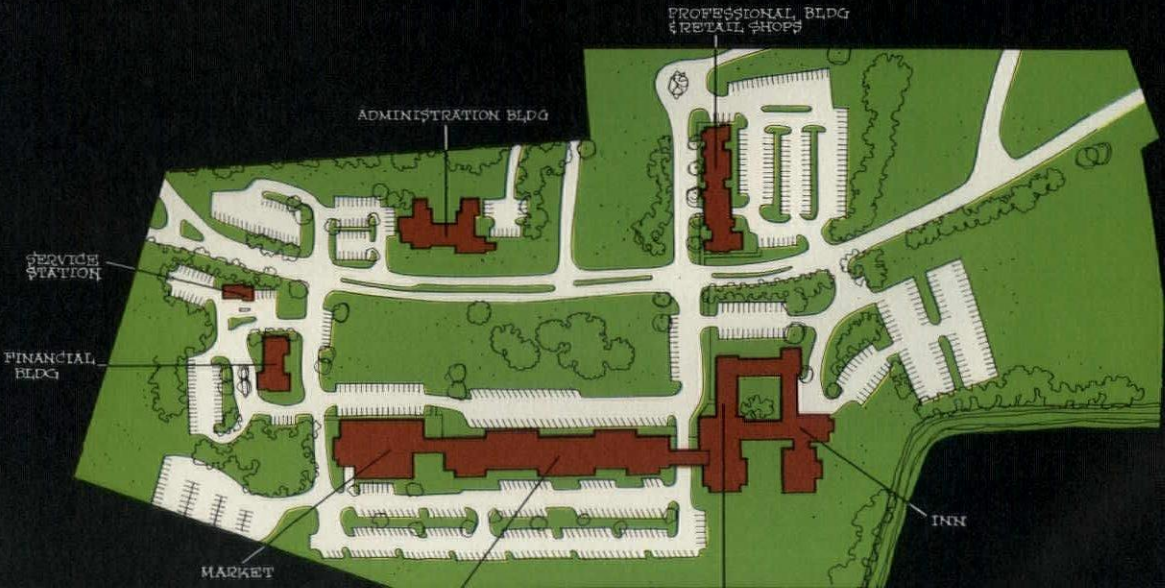
The Village Green is the social and commercial hub of Heritage Village, a well known empty-nester condominium of 3,500 units. Six retail buildings on four acres house 60 tenants in 90,000 sq. ft.

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

Adjacent is the Market containing a supermarket, TV repair, drug store and two-level liquor store. There are seven merchants in the connecting Harrison Inn, five in the Financial Building and 22 in the Professional Building; the latter has mostly shops on ground level and medical offices on the second level. Retail tenants pay from \$5.50 to \$6.50 a sq. ft. against 5%-6% percentage rents.

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

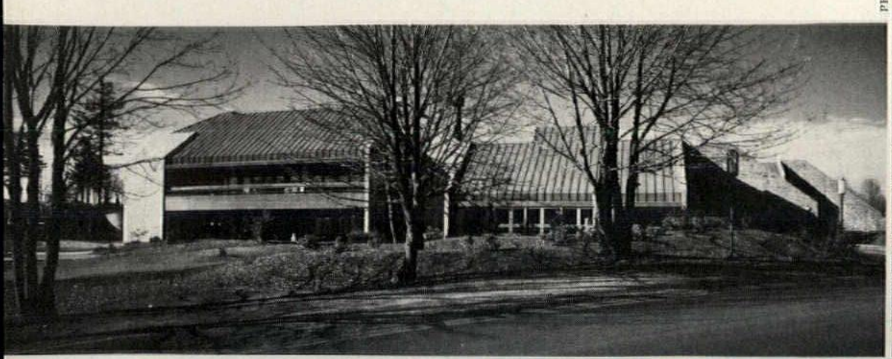
Developer: F. M. Heritage Corp.; now managed by Henry Paparazzo. Architect: Callister & Payne.



ROJECT
ORTFOLIO
20

PROJECT: Mountain Park
LOCATION: Lake Oswego, Ore.
DEVELOPER: Mountain Park Development Corp.
PLANNER: Planning Associates, Sausalito, Calif.
SITE AREA: 700 acres
NUMBER OF UNITS: 3,800 including 800 single family; 800 townhouses; 2,200 apartments and condominiums
PRICE AND RENTAL RANGE: $34,000 to $125,000; $150 to $500

Mountain Park is essentially a land-sales project. Yet it has unusual cohesiveness, due chiefly to the tight architectural control the developers have exercised over their builders and to the unifying effect of the community buildings sited throughout the project. Even with an overall density of over five units to the acre—and up to 20 on some sites—Mountain Park gives the impression of openness and privacy. This was achieved by paying careful attention to scale and by mixing building types so that, for example, a townhouse cluster may be ringed by single-family homes, each type benefiting from the other's open space. Most types of housing are represented in Mountain Park. The photo above, for example, shows the clubhouse of Condolea, an adult community. About a third of the eventual 3,800 units have been completed since development began in 1968.



PHOTOS: JULIUS SHULMAN

Recreation comes in many sizes and shapes at Mountain Park, from a $1.8 million recreation center *(above)* with an Olympic-size pool, gymnasiums, meeting rooms and a television studio, to a unique equestrian center *(top, right)*, a $1.2-million racquet club [H&H, July] and 15 miles of jogging trails, bicycle paths and bridle paths. In addition, many of the individual townhouse or apartment complexes have their own clubhouses and swimming pools.

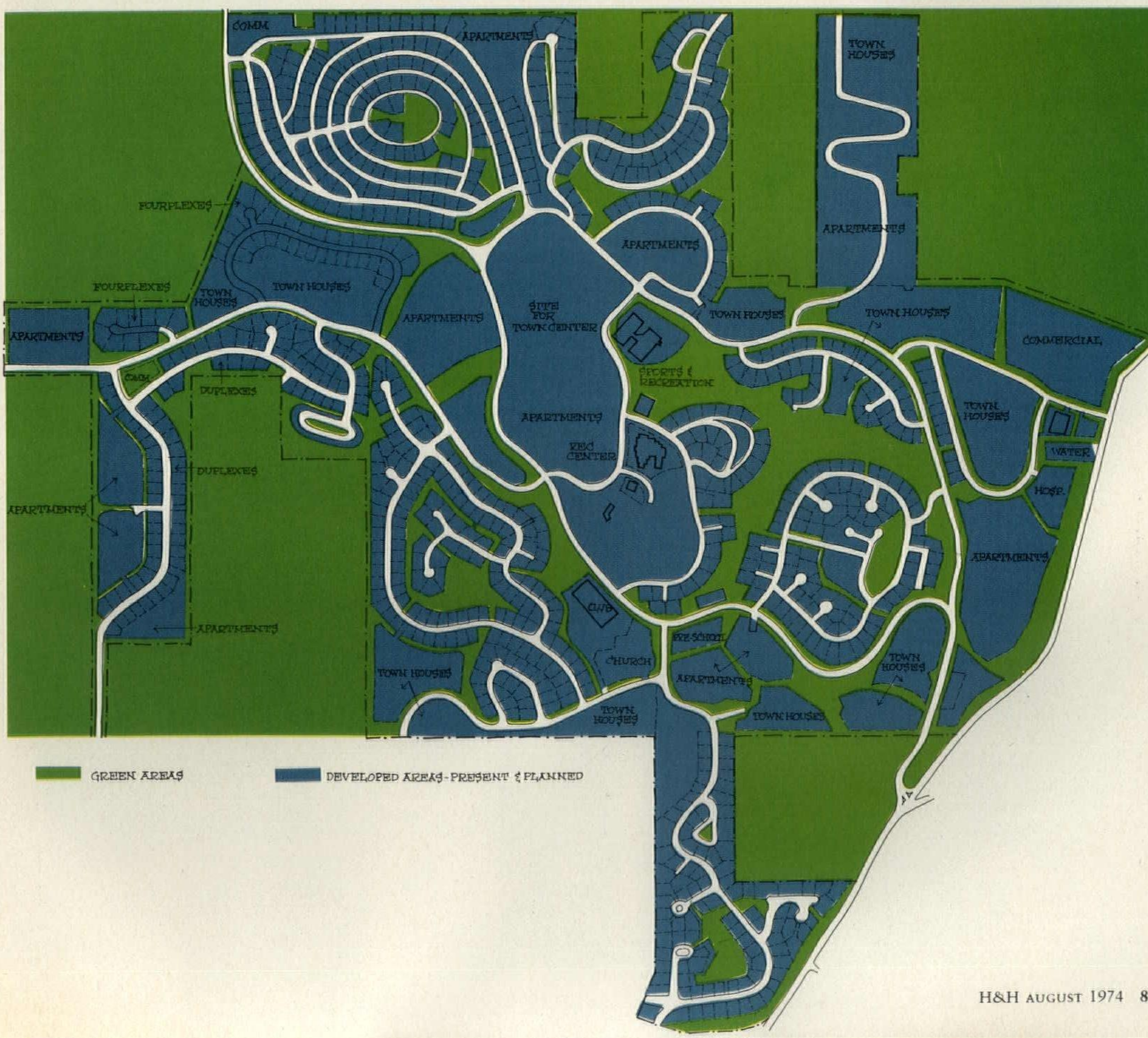
The developers have paid particular attention to the scale of the recreation buildings, setting them into the hillside so that they remain in scale with the neighboring homes. The recreation center, for example, is entered over a ramp and appears to be only one story high. However, the rear of the building *(top, left)* shows the massiveness of the structure, which contains 55,000 sq. ft. of space plus the pool. The equestrian center and the tennis club were similarly set into hillsides. Both the recreation center and the equestrian center were designed by Broome, Selig & Oringdulph, and the racquet club was designed by Harlan, Gessford & Erichsen, all of Portland.

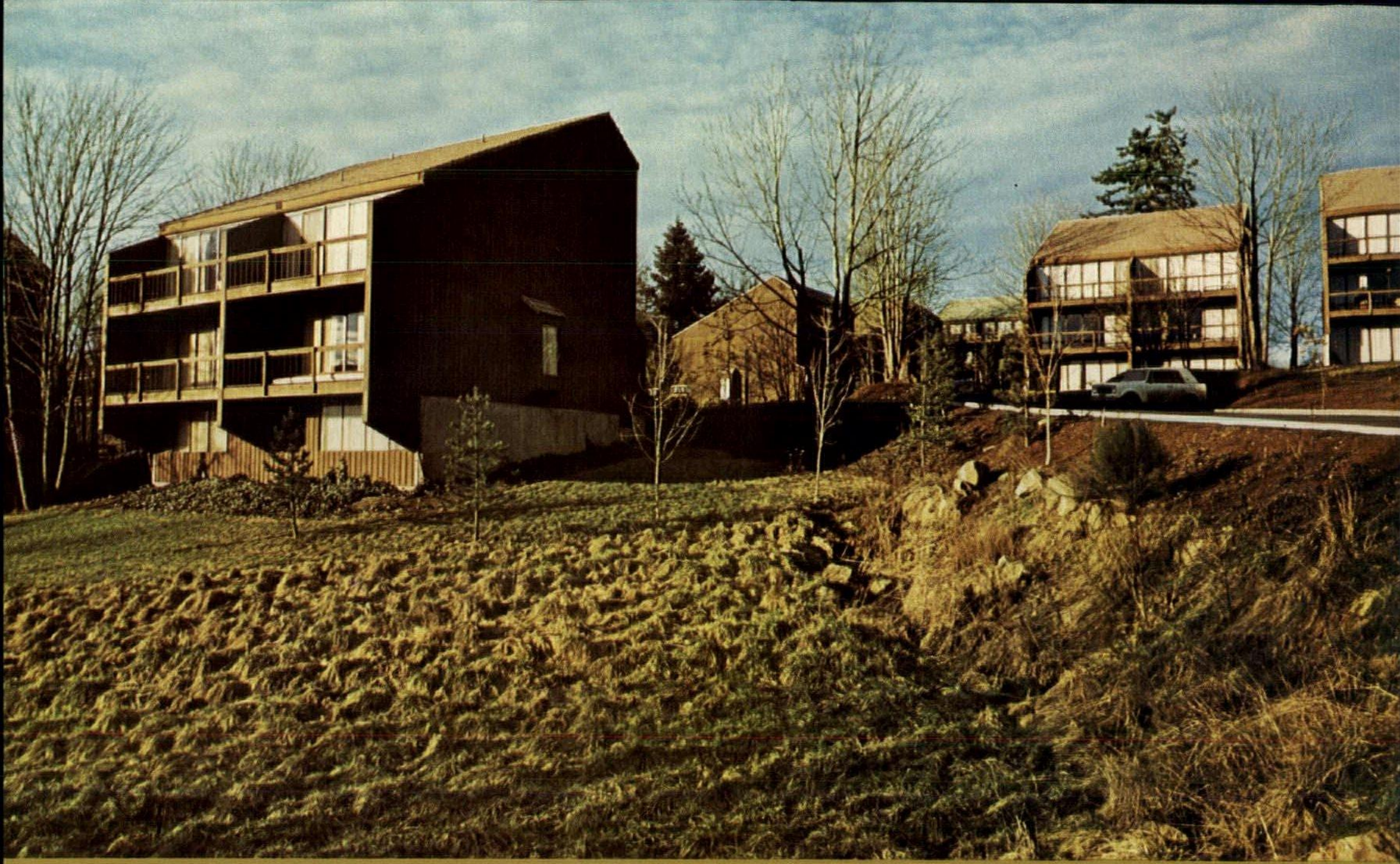
Land that was skipped over during Portland's boom years because of its steep grade now provides Mountain Park with its greatest asset: spectacular views. It became feasible to develop the site as prices rose for close-in housing, but even so, land costs of $7,000 an acre plus high development costs dictated an overall density of 5.4 units per acre.

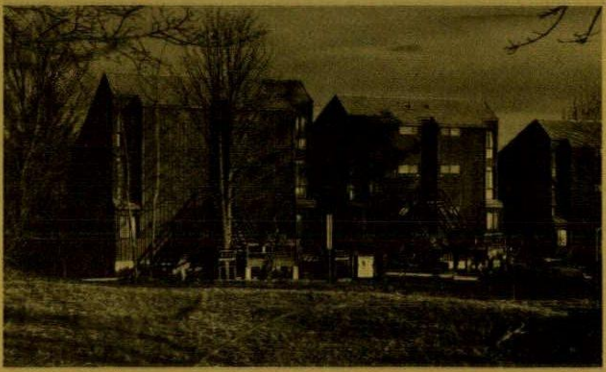
Mountain Park's master plan *(below)* is distinguished by the way all types of residential, commercial and recreational buildings are deliberately intermingled in the same neighborhoods—a result of Planner George Gatter's experience with British new towns.

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

Land prices range from $7,500 to $18,000 for a 12,000-sq.-ft. single-family lot, $4,000 a unit for townhouses zoned at ten units to the acre and $2,899 to $3,000 a unit for apartments or condominiums zoned at up to 20 units to the acre. Some 40% of the land is being kept in open space.

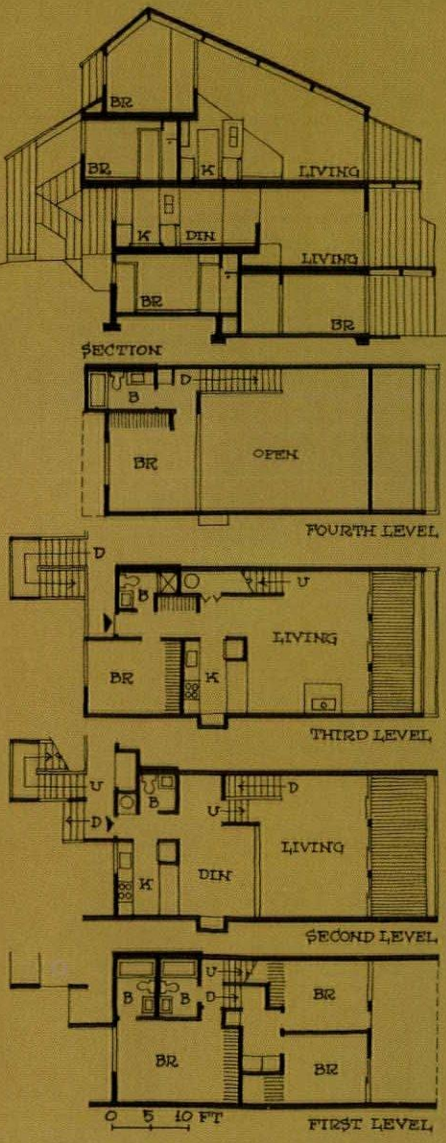


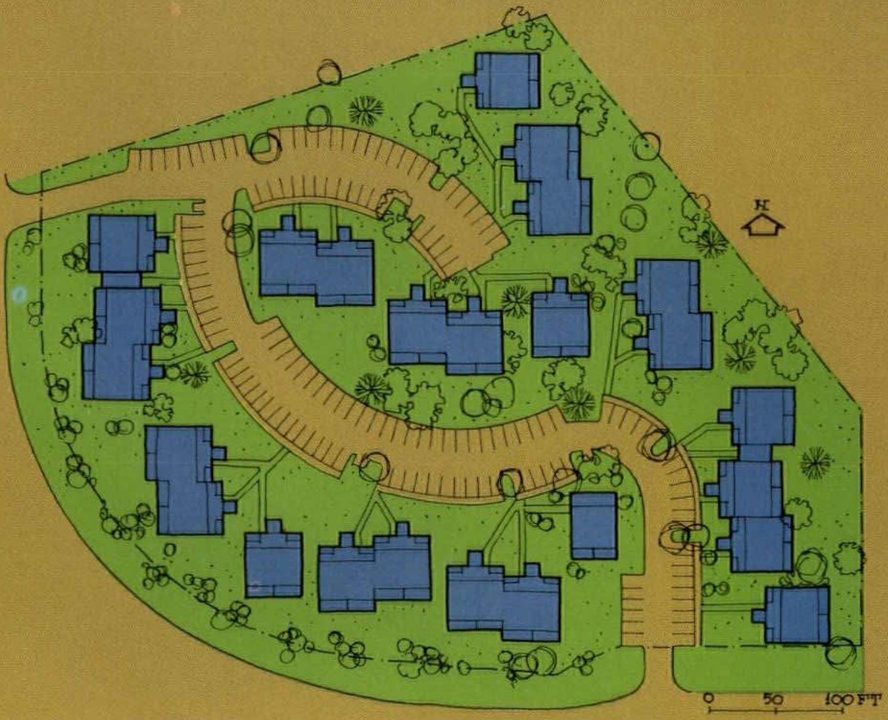


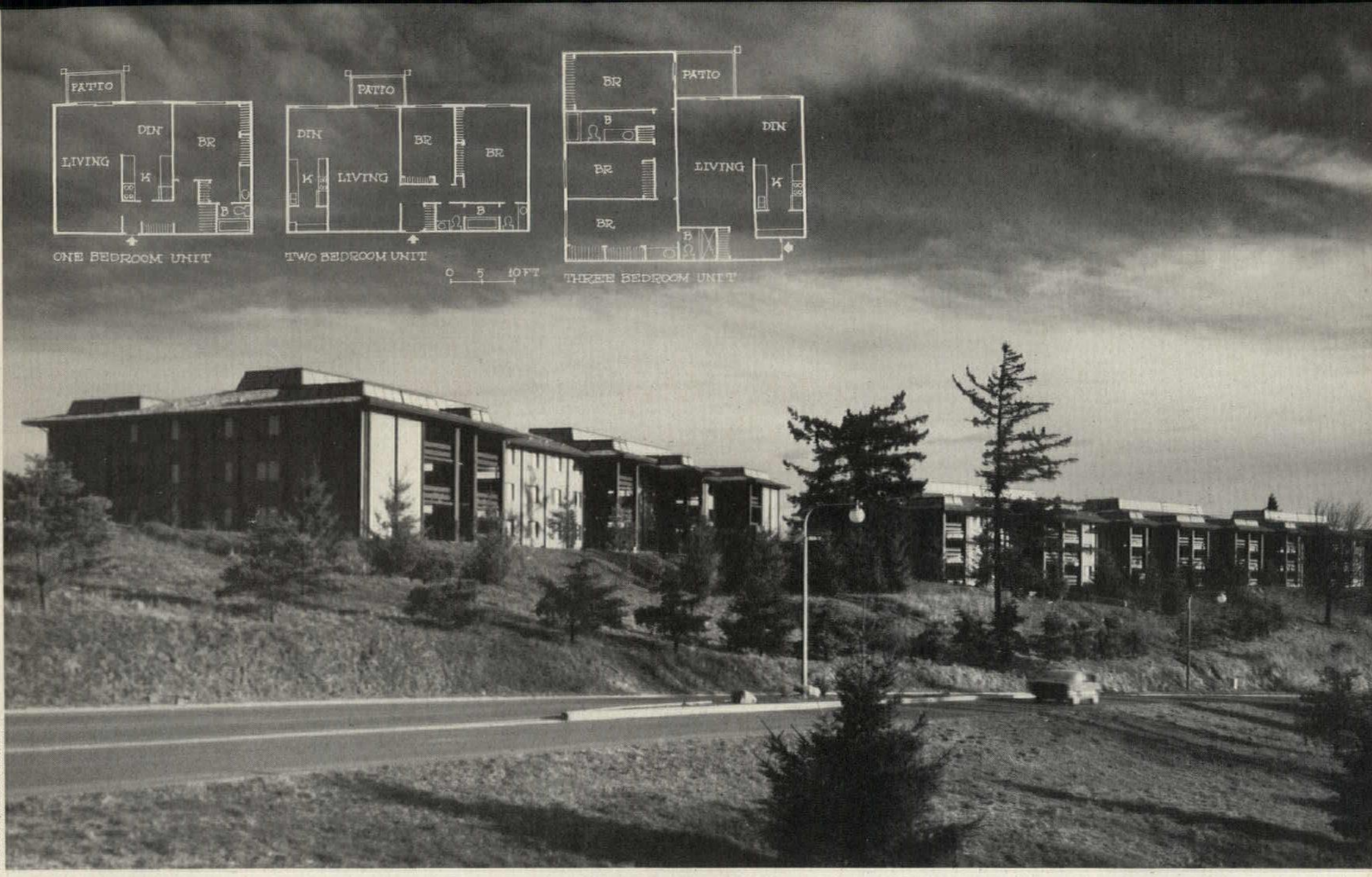


Tanglewood apartments, a total of 168 duplex units, were built in two phases by Homeland Inc. of Portland. The site plan for Phase II is shown below.

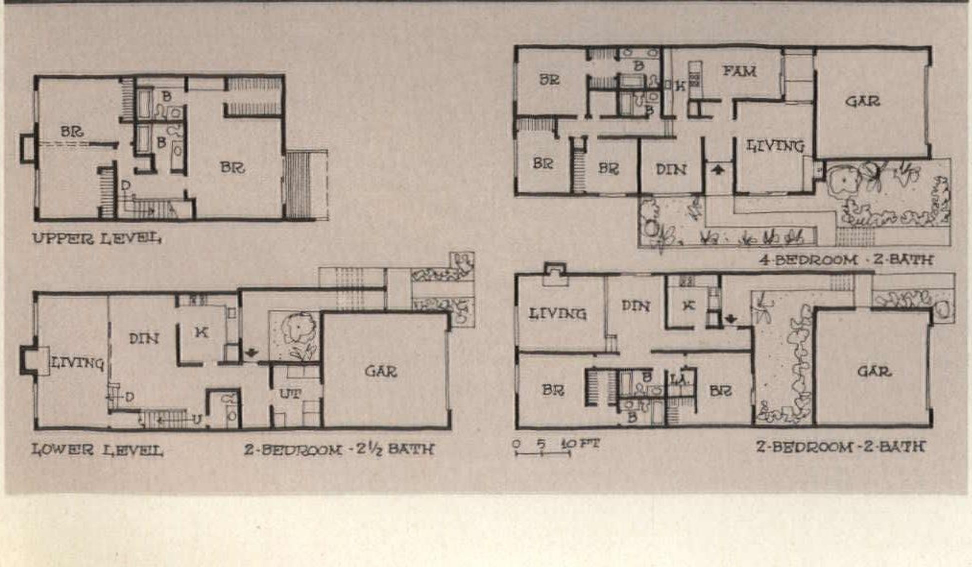
Rents range from $162 for one-bedroom to $320 for four-bedroom units. Typical three-bedroom units feature sunken living rooms with 11 ft. ceilings. The two-bedroom units have cathedral ceilings with exposed beams that soar to 18 ft. Campbell-Yost & Partners were the architects.







PHOTOS: JULIUS SHULMAN



Greenridge apartments, shown above, were built by Dave Christensen Inc. and designed by Nelson, Walla & Dolle, both of Vancouver, Wash.

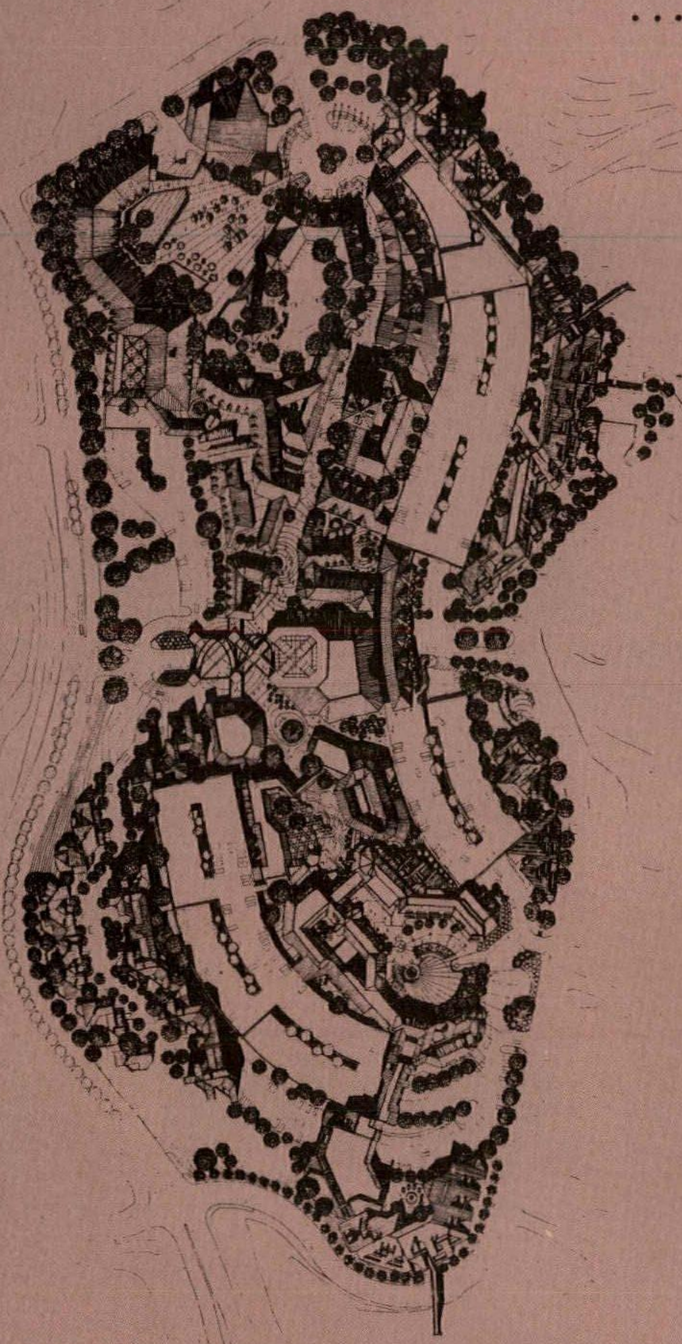
The two-bedroom plan *(top, center)* has been the most popular with renters because of its unusual bathroom arrangement: The bathtub is in a separate room flanked by two half-baths.

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

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

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

The shaded areas in the plans are planted courtyards that surround the entries.



. . . and on its way, a European-style town center

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

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

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

ILLUSTRATION BY MEL KROKER

APARTMENT ACQUISITIONS

HOW TO MAKE PROFITABLE DEALS IN TODAY'S DECIMATED RENTAL MARKET

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"This year," says Carl Kilpel, financial analyst for Multivest, "we'll be buying more shopping centers, and the percentage of apartments will be smaller."

Pacific Plan, like Multivest and many other syndicators, still refuses to get involved in condominium conversions: "It's a separate business and fraught with danger," says Rex Gossett. One approach that some may try is handling conversions as turnkey jobs. That's what one major syndicator is now doing, with Lincoln Property as the conversion agent.

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

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

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

Syndicators say problem projects are now available by the truckload from other syndicators and REITs.

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

"They [syndicators] didn't worry about how they were going to come out but only about how the public would react to the figure they projected, and the public wasn't very sophisticated. The syndicators would buy a used building or a new one and project low operating expenses with no reserves figured for future replacement of things like roof, carpets and garbage disposers. So for the first two or three years everything was great; they distributed the money they had projected to the investors. Then, in the fourth or fifth year, there was a need to spend $100 per unit for repairs, but there was no money."

Some of today's failing projects are actually feasible from the standpoint of rentability. They stay fully rented, rental rates go up and expenses are normal. But they fail because their debt service is too high. Says Jacobson:

"Any way you look at it there's only 100% of scheduled gross rental income to work with. But some of these guys were going in on a shoe string with debt service of 65% or more and expense ratios of 45% when reserves were figured in. So before they even got started they were at 110% of schedule. They must have figured inflation was going to bail them out."

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

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

Some critics say public syndicators are creating problems with blind pools

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

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

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

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

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

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

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

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

Despite their troubles, REITs aren't giving much away

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

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

"Some are so bad that even with the most creative financing in the world you're not going to cure the problem," says one syndicator. "If you have a project in a bum location, what are you going to do? We took over one like that to accommodate a financial institution, and there's no way it can ever make money."

Most projects now offered by REITs have prohibitively high debt service, which can't be reduced by refinancing because today's high interest rates rule out any new loans. Presidential Realty Corp.'s vice president for acquisitions, Norman Tandy, cites one example:

He was offered a 232-unit project with a first mortgage at 14¼% and a second mortgage at 17¼%. Annual interest amounts to

$457,000. The project, now 90% occupied, produces $505,000 in annual rents. But interest payments, utility bills (at $61,000 a year) and taxes ($40,000) total $558,000 in addition to normal operating expenses. So the owner is dipping into his pocket at a rate of $15,000 a month.

"Other than impossible deals like that one," says Tandy, "the REITs are just holding on to the buildings they get back through default, getting negative cash flow and apparently waiting for inflation to bail them out."

And that may well be a fruitless wait, according to Pacific Plan's Gossett: "For most of them inflation won't do it."

Criteria for today's acquisitions stress returns, not tax shelter

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

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

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

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

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

But Liebes says, "Practically speaking, you can't find buildings that will yield more than 7½% to 8½% over a five- to six-year period, after allowing for maintenance, repairs and turnover. When you've got a growth property, an 8% return is a solid return because the rest of the profit will come from the project's appreciation."

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

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

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

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

One project just sold by Pacific Plan illustrates Gossett's point:

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

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

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

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

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

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

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

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

For example, Pacific Plan, which normally sticks to the five-year limit, recently bought a six-year-old property in Omaha. It is a well built brick building in a good location three blocks from a newly completed city center of stores, offices and a hospital. Also, with a 30-year, 8½% loan for 80% of the purchase price, the property was a good buy. Pacific Plan is installing $90,000 worth of carpet, a $20,000 sprinkling system and $10,000 in cosmetic improvements. It is also putting through an immediate $10 rent increase.

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

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

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

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

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

Non-leveraged properties, or properties purchased for cash, can also be attractive acquisitions for those who can raise the capital. As such properties appreciate, their economic value improves dramatically, so the syndicator can then refinance and begin returning capital to the investors. Or the capital from the refinancing can be used to buy another project. In fact, Jacobson recommends that the prospectus for a non-leveraged offering state that proceeds from refinancing will be used to purchase another property acceptable to the partnership.

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

At least one syndicator is trying to get approval for a pooled investment fund that would permit pension funds to buy apartment projects. The projects would be acquired free and clear, with virtually no financing. Such a fund would also let the syndicator acquire projects with onerous loans that could be prepaid in a short time to make the projects viable.

Some smaller brokerage firms are taking advantage of their flexibility to offer services aimed at helping REITs and banks bail out troubled apartment projects. They offer a loan service for problem mortgages, plus resale and property management service.

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

Some syndicators are even willing to do rehab work

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

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

"However," explains Rex Gossett, "both buildings were in excellent locations. We were able to buy them with easy second mortgages—good long-term financing of 8¾% for one and 9% for the other—because the owners wanted to divest themselves. We set up reserves for what must be done for the next five years, actually putting the cash aside at the outset because the buildings can't generate that kind of money." The company then raised all rents by $10, evicted some tenants, launched a strong rerental effort and planted new landscaping. Result: The building that had 30 vacancies is now 96% occupied. It also meets Pacific Plan's standard except for some scheduled repainting.

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

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

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

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

Property management is more critical than ever, and fees are rising

A few syndicators have raised their property management fees to 6%, and most, though still at 5% or less, are contemplating raises.

No successful syndicator farms out management. John Liebes of Moss & Co. explains why: "Property management is what kept our company going all these years. We devote more time to management than we do to acquisitions. Bad management can ruin a good investment within a year's time. Good management can turn a mediocre project into a good investment." Moss manages more than 4,000 units. Its fees average 5%, are less on large projects and more on small ones.

"Any time you farm out management, you've got a problem," says Rex Gossett of Pacific Plan. "That's how a lot of syndicators got into trouble." So his company manages everything it has bought, which now amounts to 7,000 apartments with another 2,000 soon to be added. It charges a 6% management fee.

"That's a true 6%," Gossett says. "We don't have any hidden corporations supplying things to the buildings and writing the insurance policies. That's what some companies with 4% and 5% fees are doing. So they're getting 6% or more, but the added 1% or 2% comes under the table."

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

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

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

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

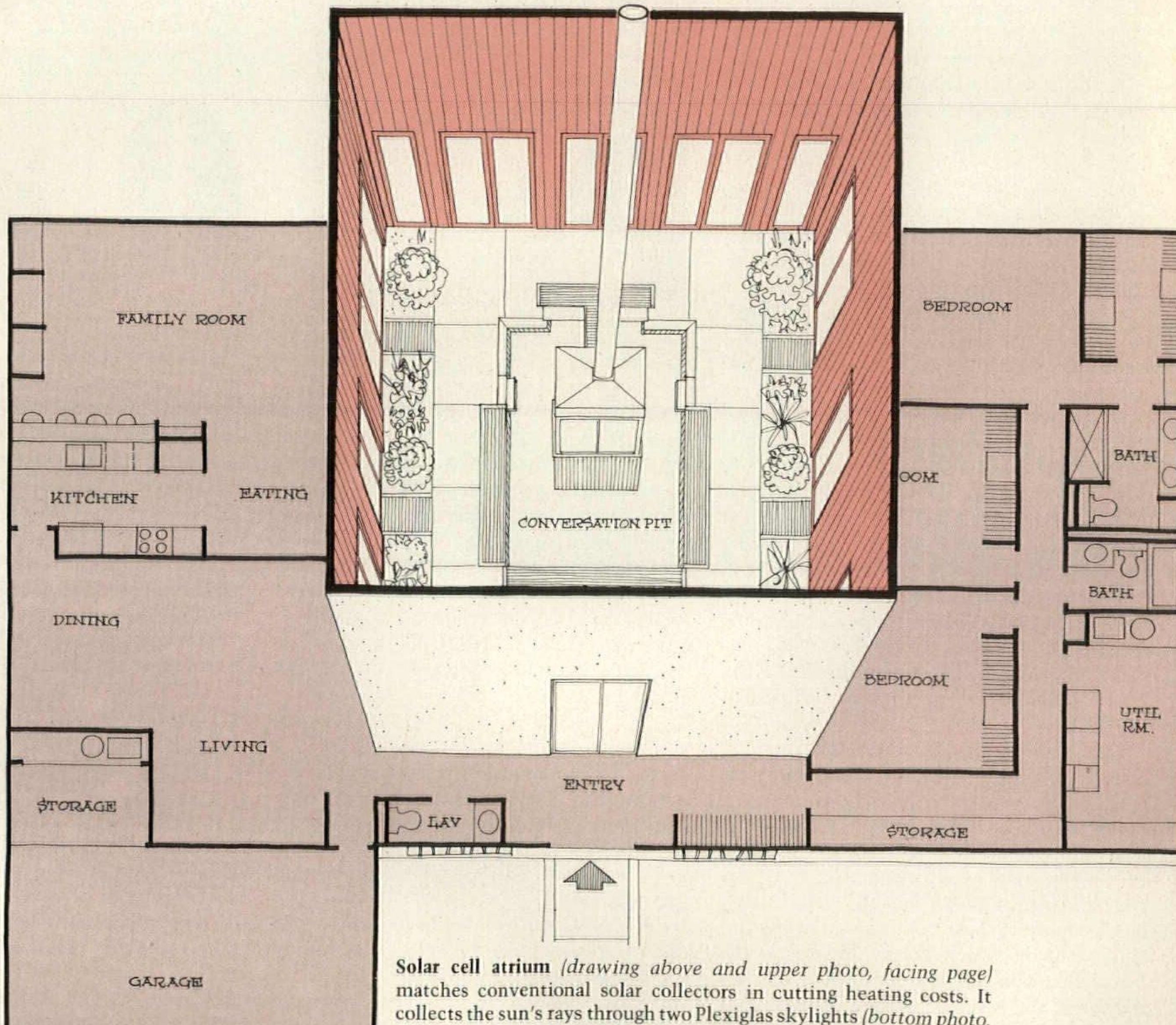
"Building costs are not going to come down, and I don't see interest rates declining very much. New apartments could be built if interest rates were stabilized, but the question is could your tenants afford the 20% to 25% higher rent?" So says Rex Gossett.

Preston Butcher agrees: "Mortgages were at 10½% in 1969, then back at 8½% in 1971. If we don't hit that cycle again, rents will have to go up at least 20%. It will take a 5% increase just to offset increases in apartment operating costs—they're now up to 42% of rent rolls for most of us."

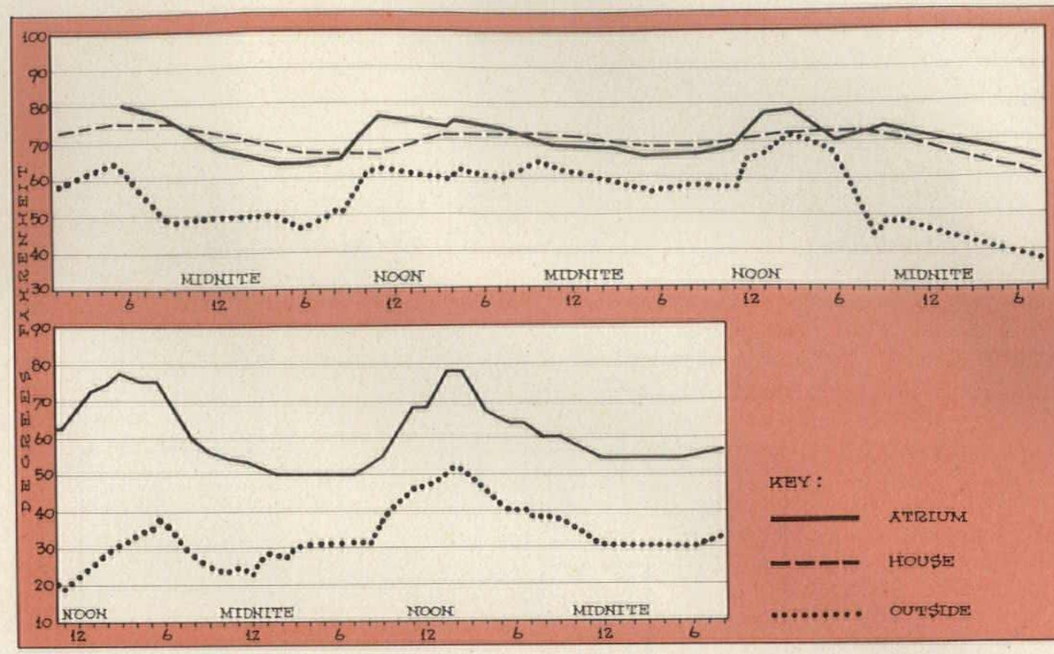
Lincoln and other big apartment developers who are surviving the current shakeout will have two advantages when things get better: Many of their competitors have been wiped out in the past several months, and buildable land for apartments is now so scarce that new companies will be discouraged from entering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

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

THIS ATRIUM TRAPS THE SUN ... AND IT CUT A SIX WEEK HEATING BILL TO $2.90



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



Computer readouts show effectiveness of solar cell atrium system. Top chart, for April 2-5, compares outside temperature *(dotted line)*, atrium temperature *(solid line)* and house temperature *(broken line)* and shows that interior temperatures remain almost constant—even when the outside temperature falls considerably. Bottom chart compares outside and atrium temperatures for two much colder days—March 25 and 26. Dotted line is outside temperature, solid line is atrium temperature.

Ohio builder Bob Schmitt seems to have come up with the proverbially better mousetrap. But in his case, it's a better sun trap.

His Sun House, shown here, was built without traditional solar collector equipment [H&H, Feb.]. Yet it needed only $2.90 worth of auxiliary heat from March 20 through April 30, when the outside temperature ranged from 20° to 60°. And the annual heating bill is estimated at no more than $75.

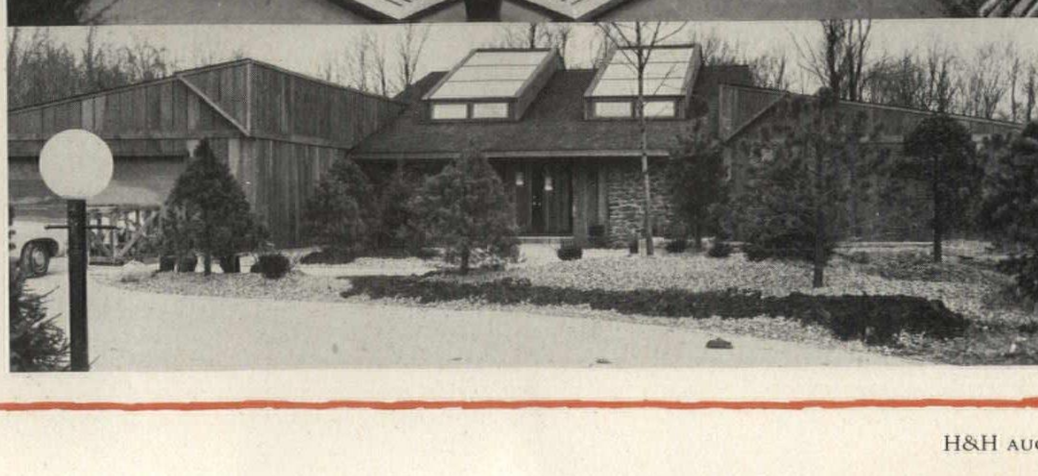
Schmitt's solar cell is a roofed-in atrium, which traps heat from sun rays that filter in through two Plexiglas skylights *(lower photo, facing page)* and disperses that heat throughout the two wings of the house.

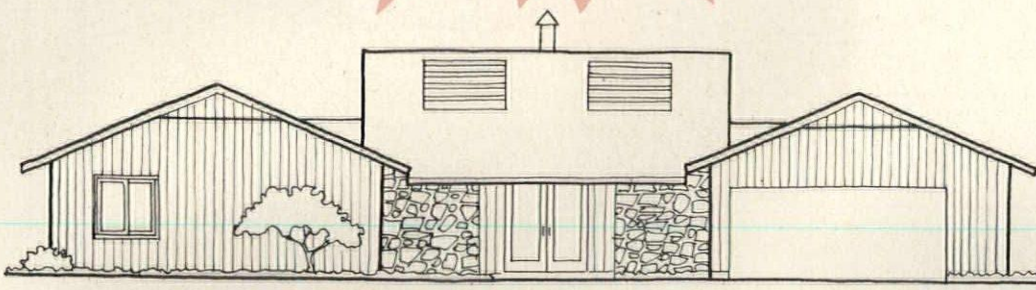
The builder admits that his atrium sun trap isn't a technological milestone by any means. But he's convinced that it makes a lot more sense than conventional solar heating equipment:

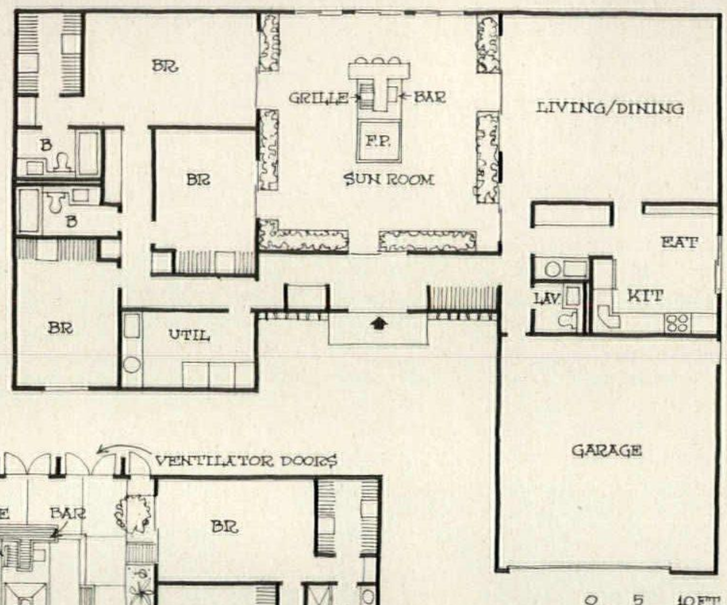
"This is a year-round indoor patio, with no insect problem and where flowers can bloom even in the winter.

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

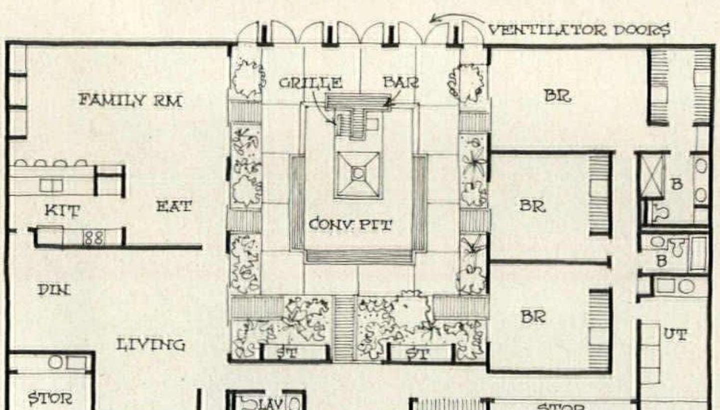
Schmitt's dual-purpose solar-heat concept has paid off not

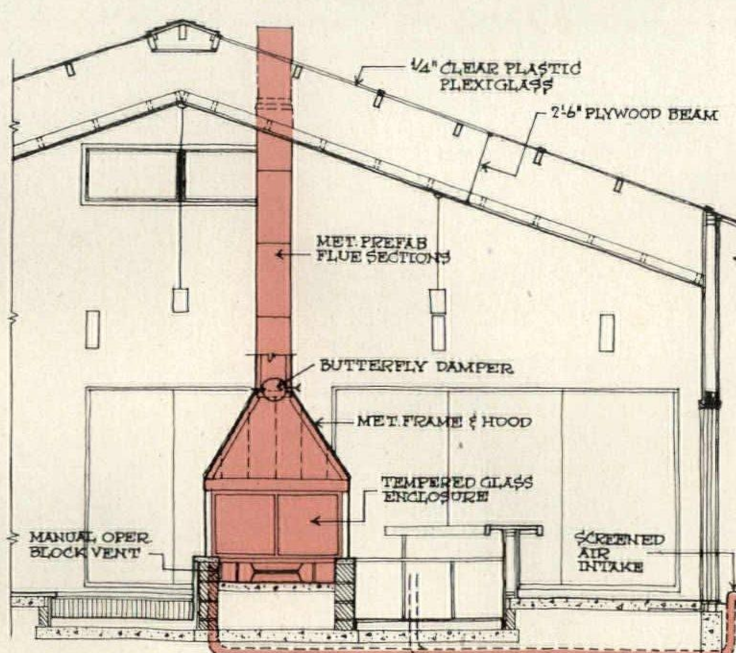






Second generation Sun House *(elevation above, plan right)* is smaller than the original *(below)* but retains basic plan. Two differences: There are windows in the bedroom that does not open onto the atrium and there are sliding glass doors leading from the kitchen to the patio. Schmitt's former chief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





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

only in low heating bills but also in widespread publicity and in sales. He has sold the demonstration house (its basic cost was $90,000 plus $17,000 for extras), taken orders for two more like it and is building a scaled-down version *(see overleaf)* to sell for about $57,000 without land.

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

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

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

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

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

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

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HH-8

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I'm attracted to the National Way of profit building. Please have the nearest Man from National contact me with all the details.

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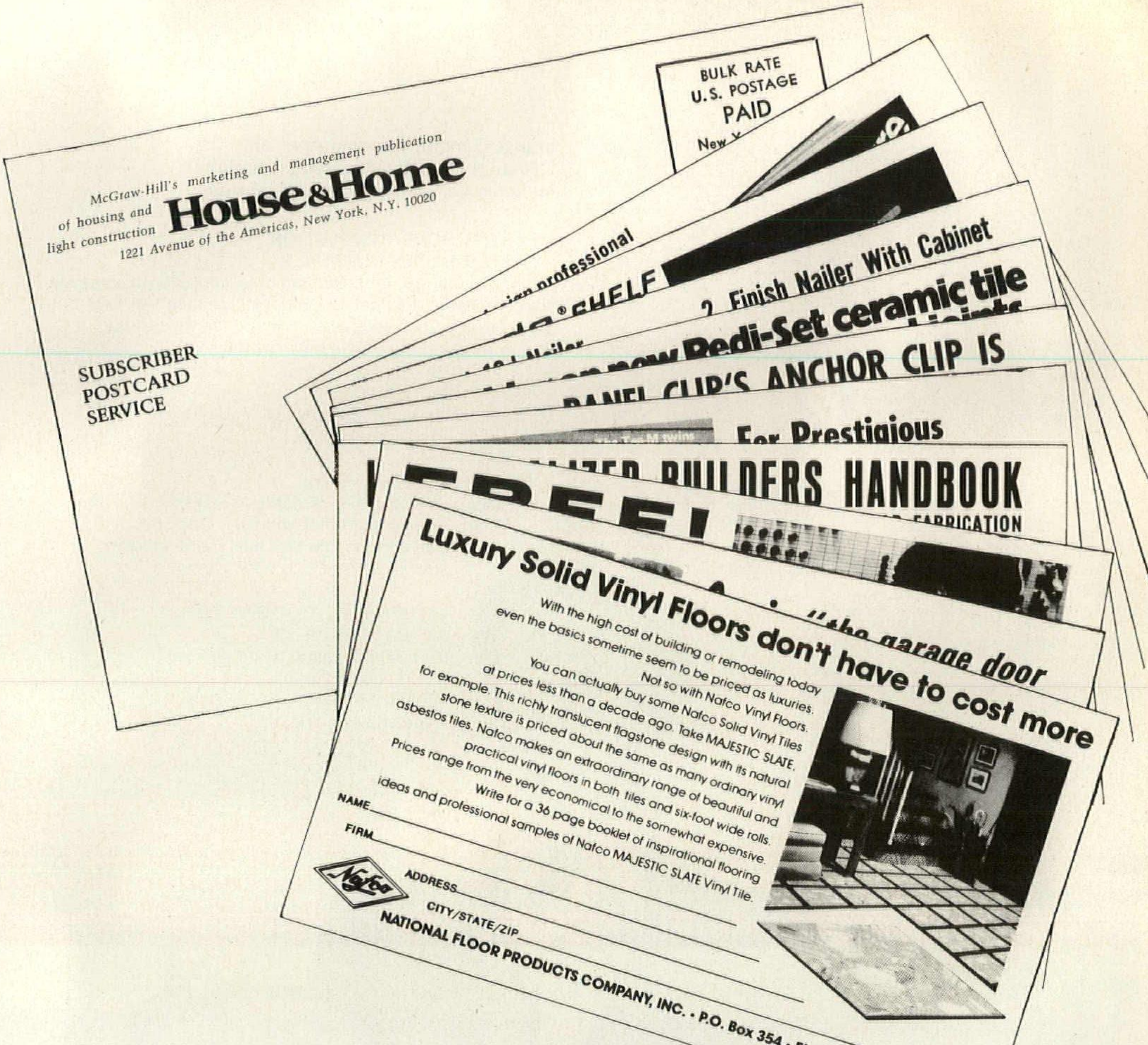


Watch for House & Home's quarterly postcard service free to all subscribers— coming your way soon with useful product ideas

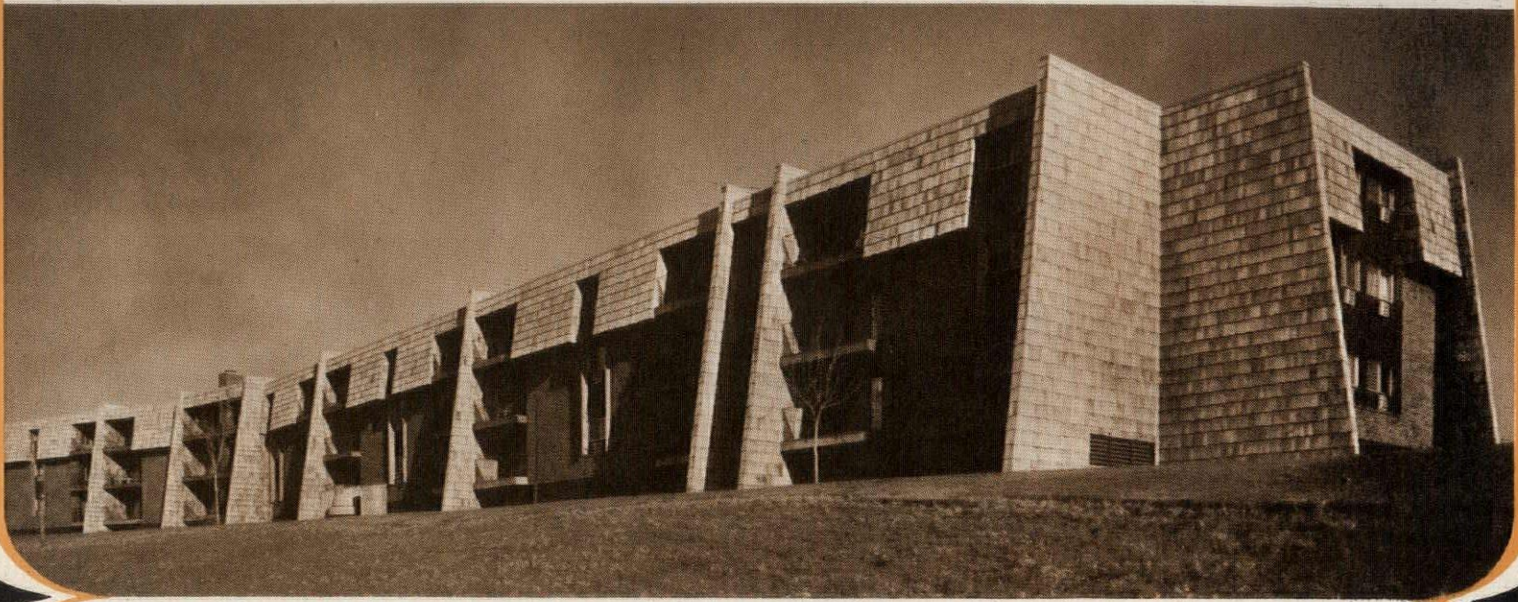
House & Home's quarterly postcard service — free to all subscribers — is designed to *widen your choice* of available products and *provide fast action* through direct personal contact with suppliers.

This month, and every three months after, House & Home will deliver a packet of product postcards *postpaid* and *already addressed* to forty or fifty manufacturers offering information on products, materials and equipment suitable for your current and future projects.

You'll find these postcards a quick, convenient way to get information from manufacturers who frequently test the market with brand-new product ideas you may well want to consider — and pass along to key people concerned with your planning, design, construction and marketing problems.

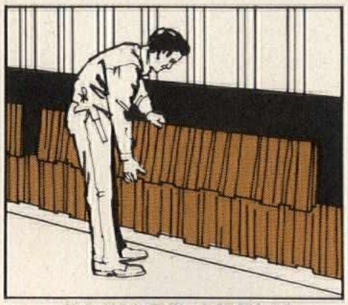
It's dealer's choice! So watch the mails for the full deck of product postcards — coming your way from House & Home, *soon*!

Shakes and shingles are customer pleasers



Mill Pond Apartments, Minneapolis, Minn. Architect: Douglas A. Moe Architects, Inc. Contractor, Developer: Inland Construction

...in Shakertown panels they're builder pleasers



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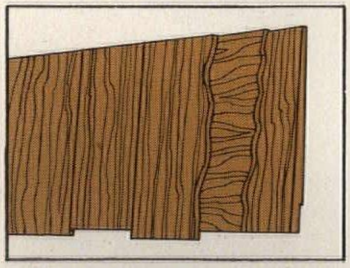

ADDED INSULATION

The dramatic, horizontal butt lines of Shakertown Shingle Texture Panels add to the appealing low profile of the unusually attractive, 148-unit Mill Pond Apartments in Minneapolis. Shingle Texture *Panels* give builders all the advantages and appeal of Western Red Cedar Shingles—plus a lot more! They eliminate handling individual pieces and are self-aligning, saving time and labor. No experience needed for a professional job. Less waste, clutter and clean-up. In addition, the shingle panels increase the insulation and provide lasting weather protection.

- **Exclusive, electronically-glued panel of shingles**
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- **Nailed direct to studs (code permitting)**
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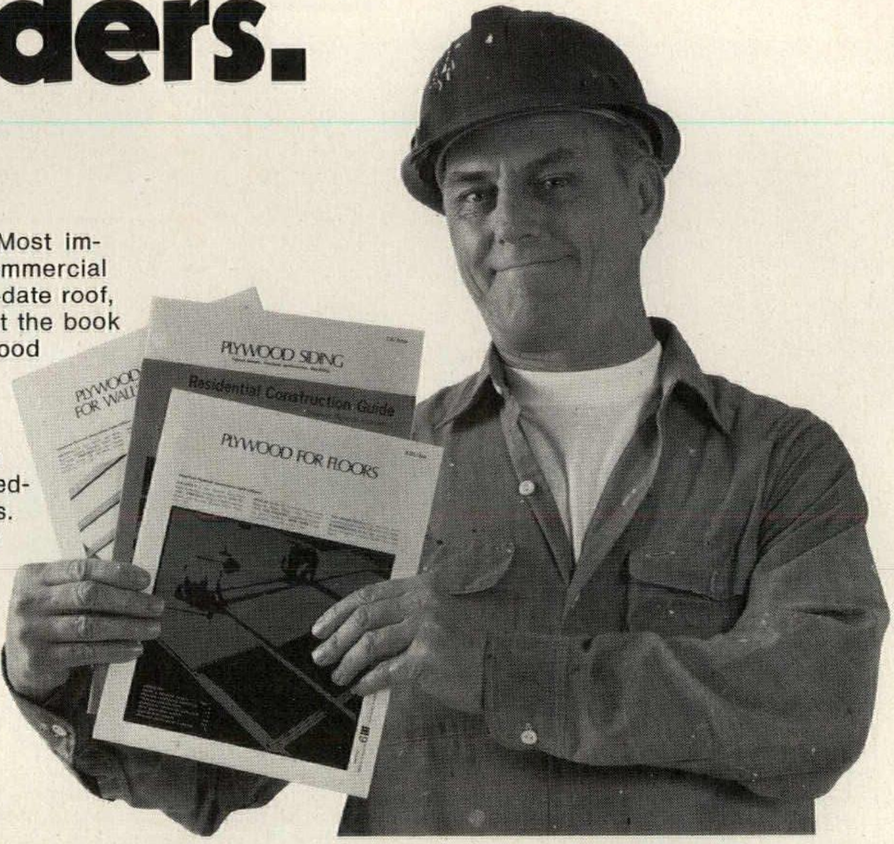
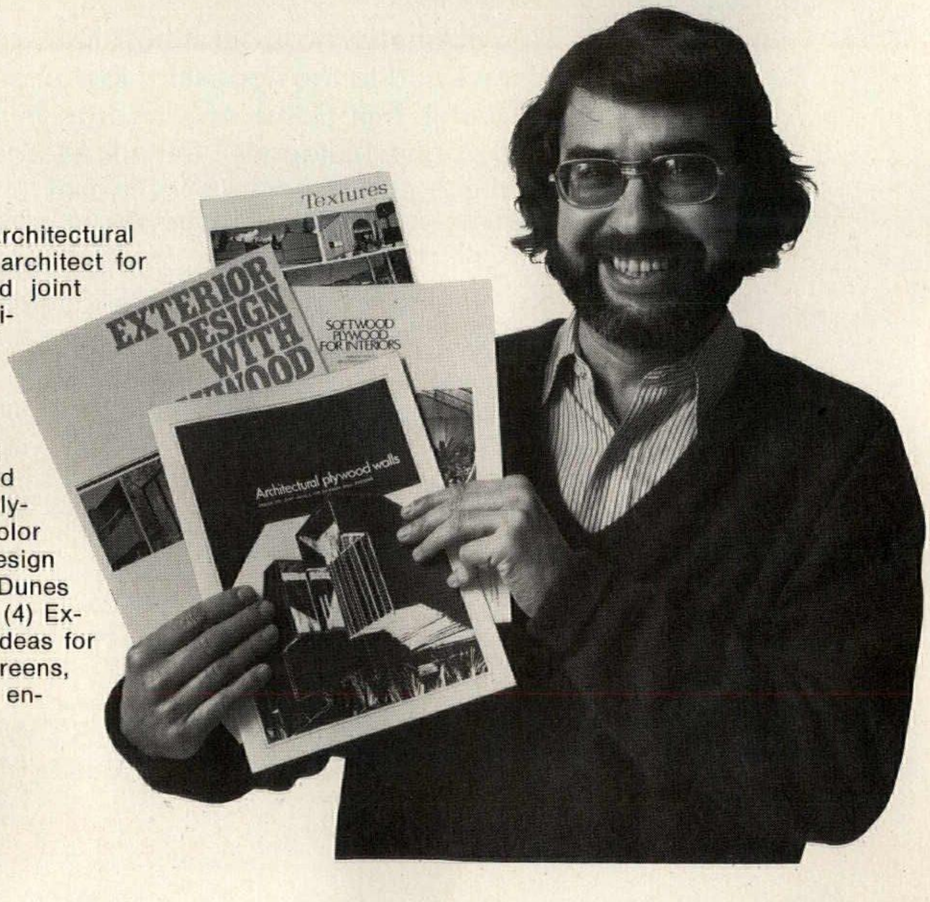
CIRCLE 95 ON READER SERVICE CARD

Plywood information for builders.



Plywood Construction Package. (1) Most important, the Construction Guide for commercial building. A virtual encyclopedia of up-to-date roof, wall and floor systems. (2) And you'll get the book on sheathing for walls and roofs. Good cost-cutting tips. Such as using 3/8-inch instead of 1/2-inch for roof sheathing. (3) Plywood for floors. All the systems in one book. New span tables. And a special section on stressed-skin, diaphragms and fire resistant floors. (4) The Plywood Siding book. Sixteen pages of full color photos, construction details and finishing information on textured plywood.

Circle 486 on Reader Service Card.



Plywood Designer Package. (1) Architectural Plywood Walls book—written by an architect for builders and architects. Design and joint details for exterior walls. Very imaginative. Example: Textured 1-11 herringbone ply-wall system. (2) Softwood Plywood for Interiors book. 38 ways to use textured plywood inside. *New* ideas. Example: a studio/home in Martha's Vineyard using high-build textured coated plywood. (3) Textures & Design. 53 color photos on great textured plywood design uses. From the award-winning Pajaro Dunes home to a day camp in New Jersey. (4) Exterior Design with Plywood. Full of ideas for balconies, fences, accent panels, screens, fascias, soffits, mansards, chimney enclosures and more.

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All-Weather Wood Foundation. A new foundation for America. Build seven times faster than concrete block and $300 cheaper. In rain, snow or sunshine. The reports are pouring in. "I installed it in 1½ hours." "No leaks." "I saved $300." "We installed it in wet, muddy ground conditions." The book will get you started.

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Plywood Cost-Cutter Package. (1) Send for this special cost-cutter kit with nineteen ways to beat the pants off rising costs. Clear, concise systems and ideas. (2) Get the book on the APA Glued Floor System. No squeaks. No nail-pop. One builder saves $10,000 a year in no callbacks. (3) Mod 24. How to build with 24-inch spacing and save $200 per house. Less lumber. Less labor. Less money.

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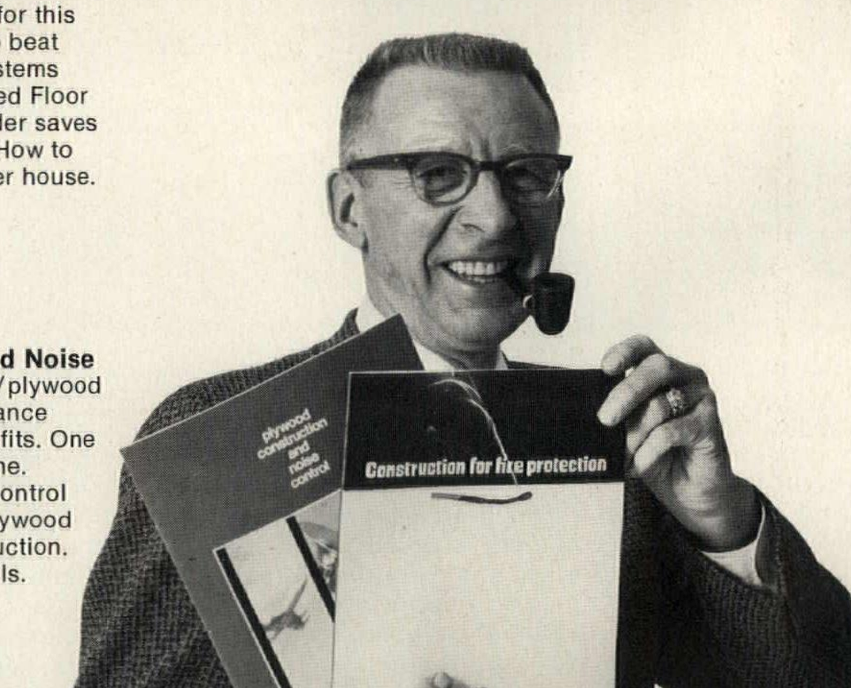

Construction for Fire Protection and Noise Control. (1) A 32-page guide to wood/plywood systems that meet fire code and insurance requirements. Packed with client benefits. One system saved $20,000 in materials alone.
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1) Pull-out base cabinet for large pots and pans. Upper drawer for lids and shallow utensils. **2)** Swing-open corner cabinet. **3)** Open display shelves. **4)** Fully fitted spice wall-cupboard. **5)** Built-in safe for medicines and valuables. **6)** Slide-out breakfast-or worktable. **7)** Utility drawers, available with locks. **8)** Pull-out cookbook drawer. **9)** Roll-out food serving trolley with a hotplate top. **10)** Lift-front wall cupboard. **11)** Revolving corner cabinet. **12)** Pull-out cupboard for food machines. Turn page for detail photos.

and conveniences like these . . .

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

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

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

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

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

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

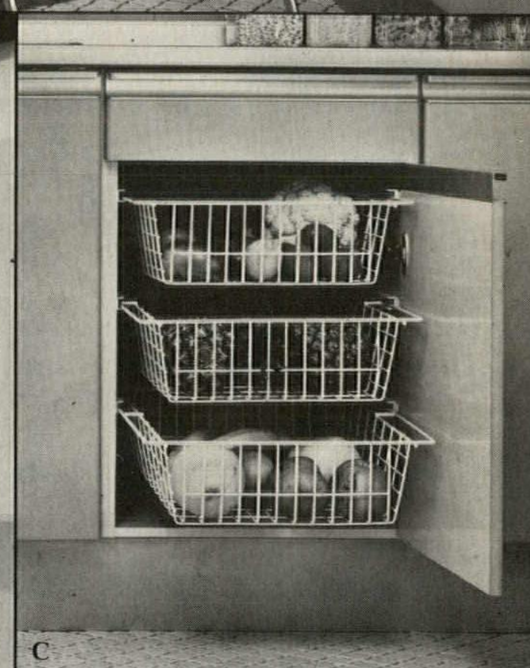
Cabinetry is available in a range of styles in more than ten brilliant contemporary colors in either glossy or matte finishes. Tielsa and SieMatic also produce real-wood lines in walnut, teak, rosewood, oak and mahog-

TO PAGE 104

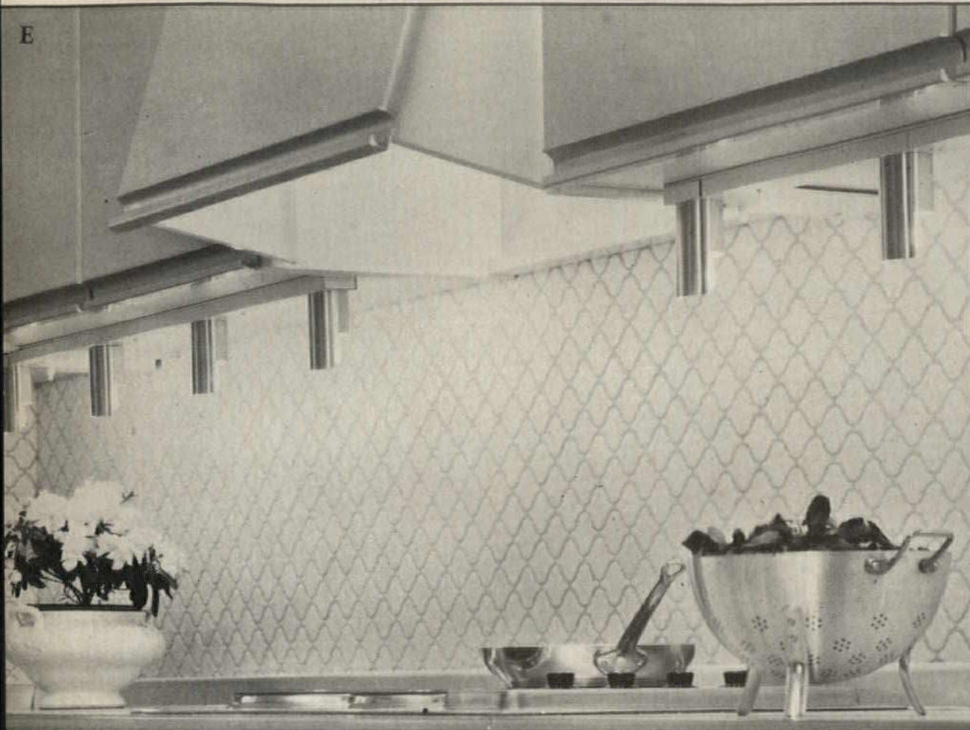
'American developers can now offer the best of both worlds—the advanced technology of U.S. appliances and the many convenience features of the European cabinet systems.'


A


B


C


D



Built-in conveniences meet every need. Some features in the Tielsa line are: A pullout worktable with a flap leaf to allow for extra length **(A)**; A drop-down cookbook drawer for easy reading without spilling and splattering problems **(B)**; A corner cabinet with revolving shelves for easy access **(B)**; A provisions cupboard equipped with slide-out wire baskets to allow food to breathe **(C)**; Lift-front wall cabinets designed for installation over sink and work areas where standard swing-open doors might be hazardous **(D)**; Pinpoint lighting and a concealed pullout range hood that melds into wall cabinets **(E)**; A fully fitted condiment cabinet including spice racks and boxes, transparent food containers and a key-lock safe **(F)**; A slide-out breakfast table with adjustable height legs **(G)**.

FROM PAGE 101

any. The dividers may match the cabinetry on the kitchen side and have a white laminate or real-wood furniture finish on the living area side.

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

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

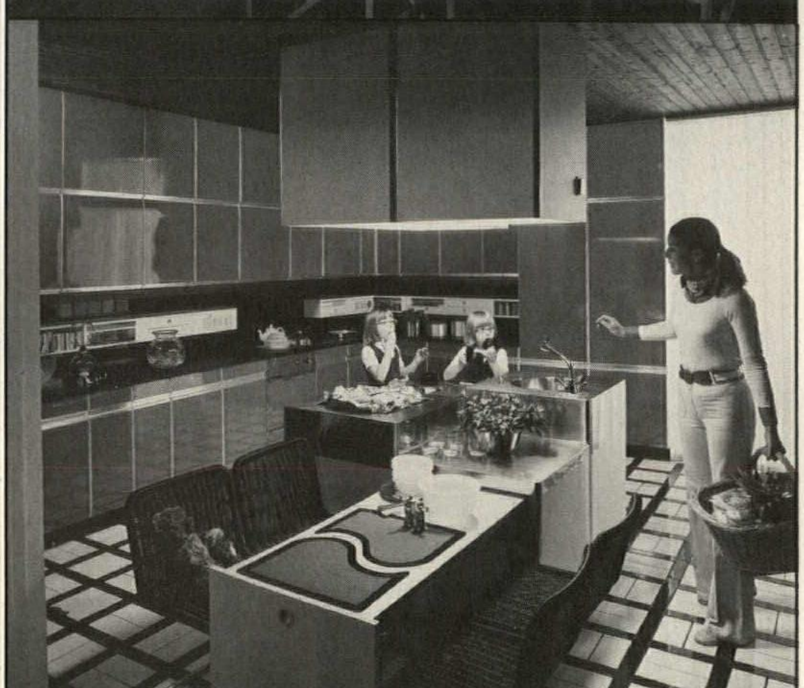
If the experience of David Campbell is any indication, the German kitchens can help sell luxury homes. Campbell is president of Water Glades, a five-tower luxury condominium project on Singer Island, West Palm Beach, Fla. More than 160 units have been sold at prices averaging over $100,000 since May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

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

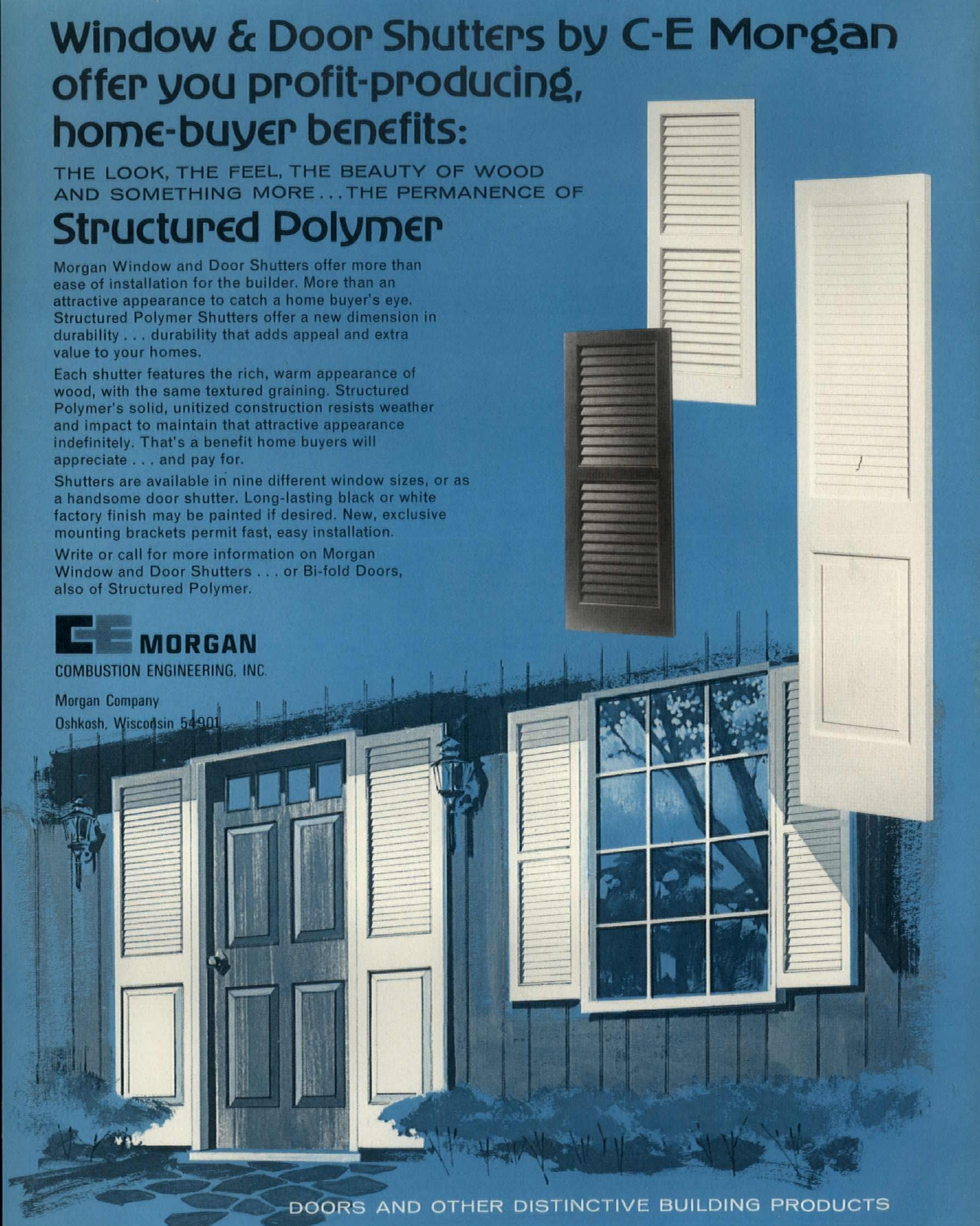
For more information on cabinetry, circle 270 for Plan Team America, 271 for Tielsa and 272 for SieMatic.

—ELISE PLATT

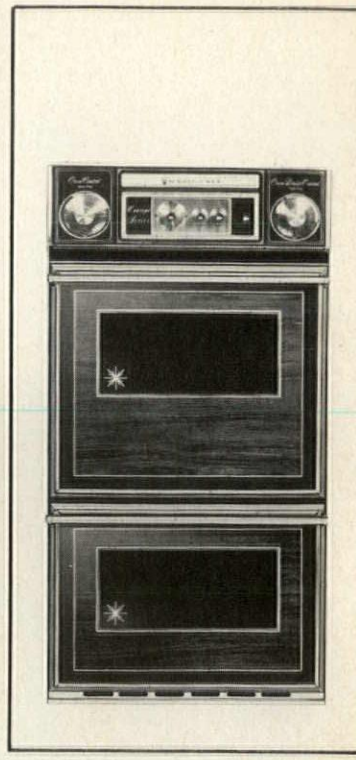
more products on page 106

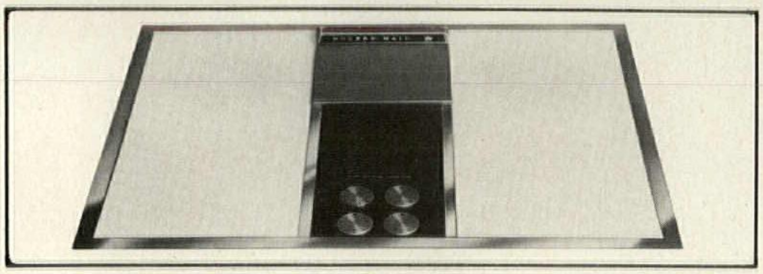


Sleek design is a strong selling point. Tielsa's furniture-style divider wall *(above)* is available in the matte white or a choice of real-wood finishes. The kitchen cabinets come in a wide range of styles. The SieMatic line includes the 2002 series *(left)* with a horizontal slatted effect; the subtly curved 6006 group *(below left)* with concealed finger grips and the flush front 5005 series featuring recessed circular handles *(top page 101)*.



CIRCLE 105 ON READER SERVICE CARD



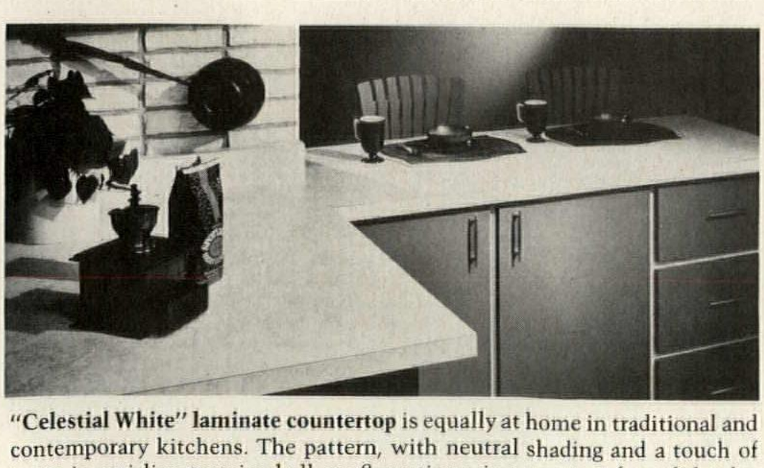


"Campaign" cabinetry proves that a kitchen doesn't have to look like one. The walnut-stained pecan line of full height cabinets features flush doors with specially designed brass hardware. The "unkitchen" includes abundant storage space, a big work area and a set of appliances. Quaker Maid, Leesport, Pa.
CIRCLE 200 ON READER SERVICE CARD

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

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

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

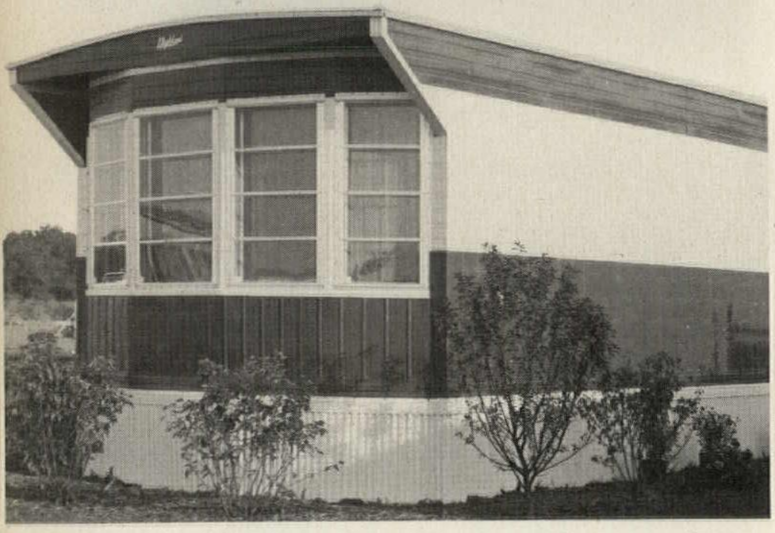


"Celestial White" laminate countertop is equally at home in traditional and contemporary kitchens. The pattern, with neutral shading and a touch of green in swirling tortoiseshell configurations, is a contrast for solid color cabinetry. Formica, Cincinnati, Ohio. CIRCLE 204 ON READER SERVICE CARD

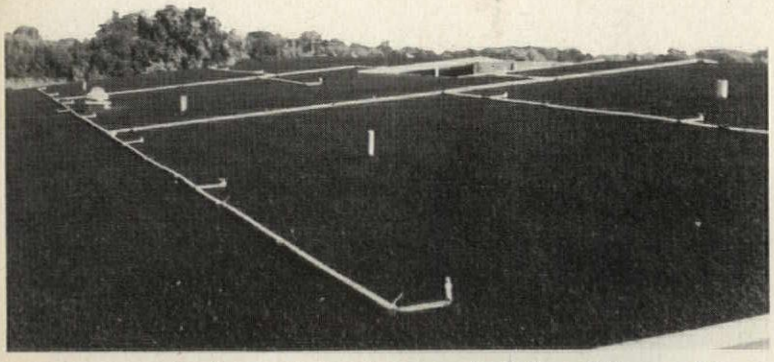
Side-by-side refrigerator/freezer features a chilled-water dispenser in the freezer door. The 24-cu.-ft. unit, with a third, easy-access door in the freezer compartment, is equipped with an automatic icemaker and a can dispenser. O'Keefe & Merritt, Los Angeles. CIRCLE 205 ON READER SERVICE CARD

more products on page 108

Just when you think the problem can't be solved, someone finds an answer in vinyl.



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



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

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

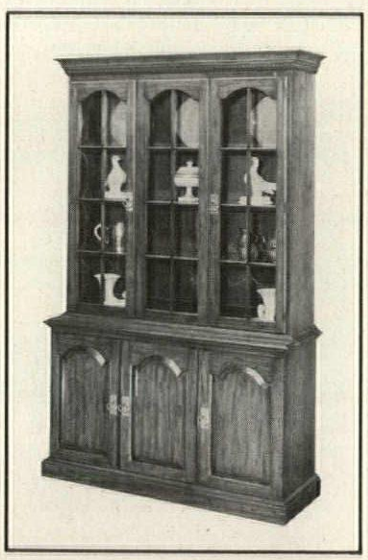
More than 50 years old and completely vandalized, this building was only a shell. But it was structurally sound enough for rehabilitation. Products made of Geon vinyl were used extensively—windows, siding, DWV, interior trim, flooring, enclosures around tub and showers. Performance and cost advantages of vinyl were impressive. Ask us for a complete report. B.F.Goodrich Chemical Company, Dept. H—32, 6100 Oak Tree Boulevard, Cleveland, Ohio 44131. The people who started it all in vinyl.

B.F. Goodrich Chemical Company

B.F.Goodrich

Contemporary "Convair" lounge seating group is constructed of natural beech molded-plywood. Comfortable round chairs have urethane-filled loose back and seat cushions upholstered in vinyl, leather or a choice of fabrics. Matching occasional table has a smoked glass top. All pieces are on swivel casters for mobility. Thonet, York, Pa. CIRCLE 219 ON READER SERVICE CARD

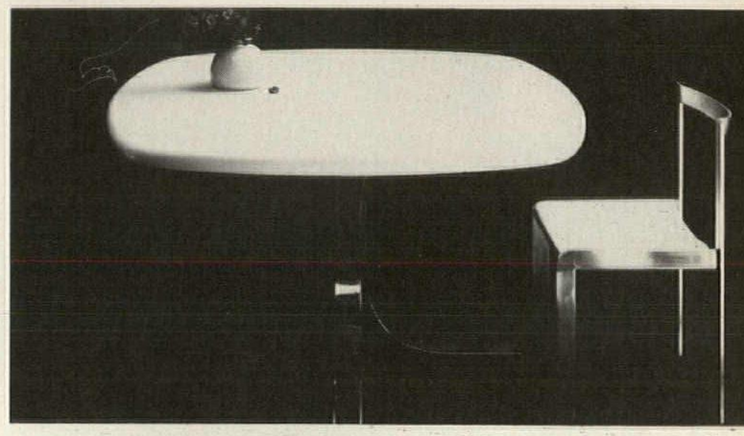
Matching buffet and china cabinet are stacked to serve as one unit. Constructed of pine, both feature a light "Alpine" finish. The buffet has two pull-out trays behind the double doors and an adjustable shelf behind the single one. The china closet has lights and glass shelves. Pennsylvania House, High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

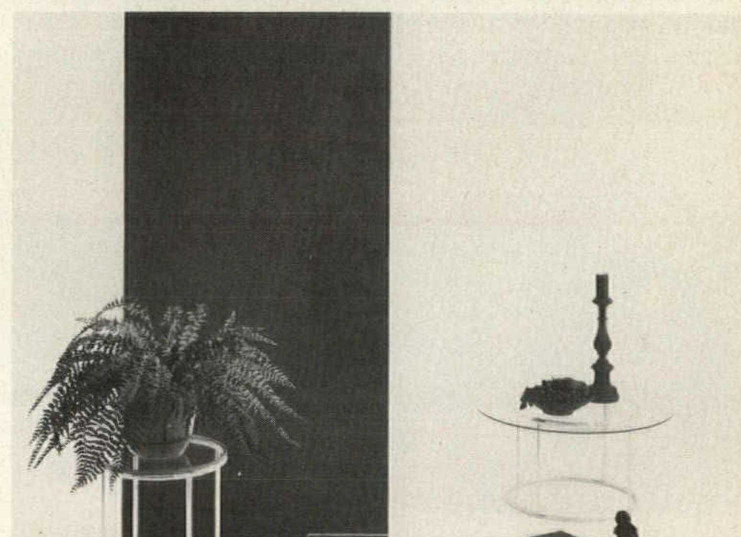


Versatile avant-garde "Swinger" serves many functions. This single piece is a chair, lounge sofa and bed all rolled into one. Designed for apartments, the geometrically shaped, space-saving unit is available in a wide range of upholstery fabrics including corduroy and denim. Mariposa, Toronto, Ontario,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

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

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





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

more products on page 110

Majestic® Thulman®

the fireplace with "principle"

The prefabricated fireplace that is built RIGHT! Often copied but not duplicated.

● Triple-wall construction gives cooling effect by exclusive Thermo-Siphoning air flow principle around complete unit and flue. ● Design allows zero clearance to combustible building material. ● Three full-measure opening sizes: 28", 36", 42"—also 36" and 42" side open models. ● Build in with fireplace hearth flush with floor or raised above floor. ● No front air louvers to steal conditioned room air. ● Finish design possibilities unlimited. ● Installation simplicity makes projects profitable.

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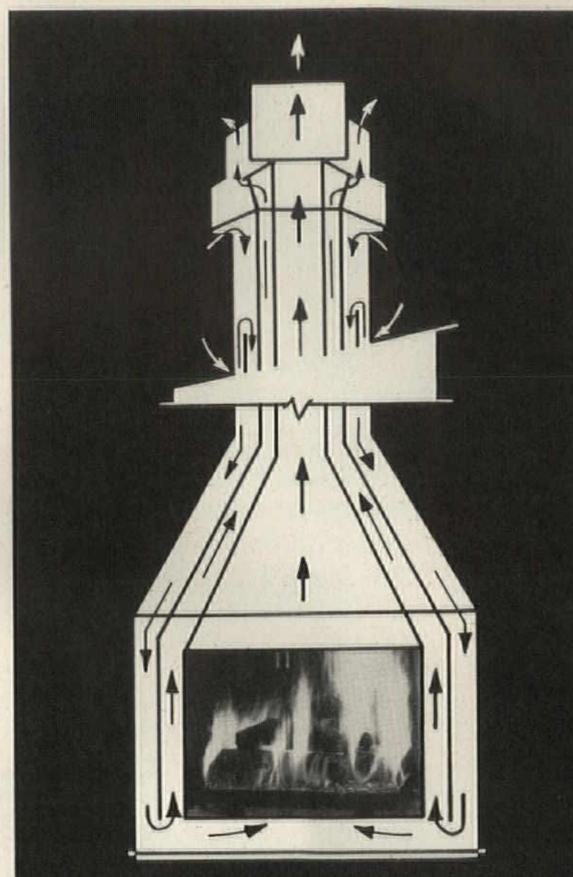

Majestic's Exclusive Thermo-Siphoning Principle

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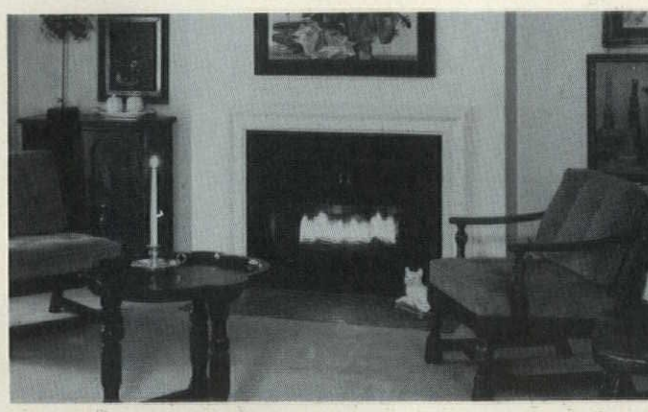
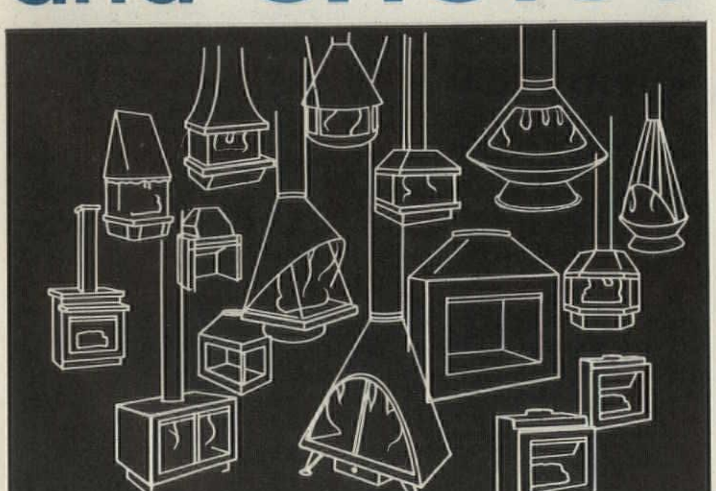


and choice



Prefabricated GASILATOR® gas-fired fireplaces in 28", 36" or 42" sizes with patented dampers round-out the Majestic Built-In line. Majestic Contemporary free-standing, wall-hanging or suspended fireplaces give builders the most complete choice available from one Manufacturer. A selection of colors, sizes, shapes and fuels in 22 distinctive models.

Free catalogs, design manual and installation details are available from Majestic's stocking distributor near you. For the nearest one to give you facts on how to profit with the Majestic line, write The Majestic Company, Huntington, Indiana 46750.

America's Leading Fireplace Manufacturer

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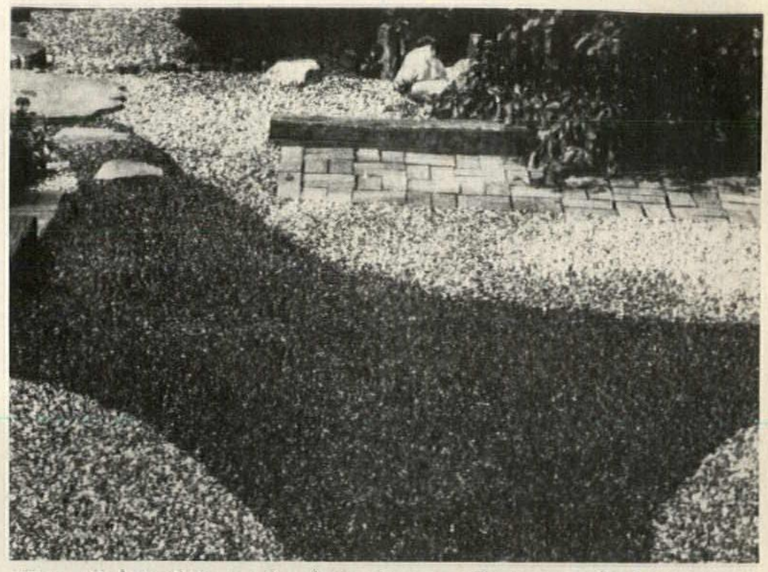
"Lifetime Vinyl Post and Rail Fencing" is guaranteed rotproof. The permanent, maintenance-free fencing is easily assembled without nails, screws or tools. Interlocking rails are designed with a special retaining wedge. Harvel, Easton Pa. CIRCLE 225 ON READER SERVICE CARD



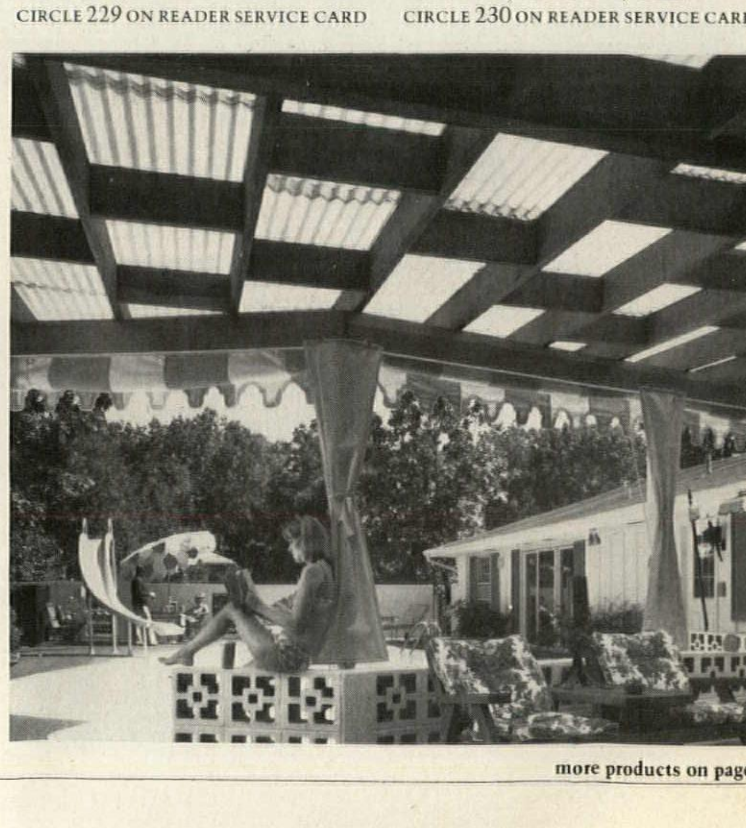
"Epoxy-Rok" architectural surfacing is a versatile aggregate landscaping material. The water-clear, low-odor epoxy can be combined with stones and pebbles providing an easy-to-maintain surface with unlimited design potential. Hallemite, Montvale, N.J. CIRCLE 228 ON READER SERVICE CARD

Concrete paving, with the look of old-world fishscale cobblestone, is produced by a patented cast-in-place process. Monolithic slabs of specially color-treated concrete are patterned using patented imprint tools. Bomanite, Palo Alto, Calif.
CIRCLE 226 ON READER SERVICE CARD

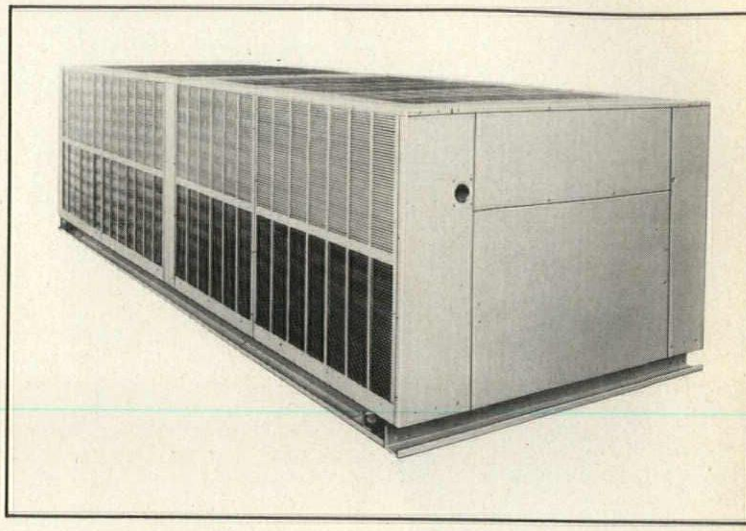
Fiber glass reinforced panels in a marbleized pattern, "Barclite Drift" *(below)*, are ideal for patio and pool areas. The easy-to-maintain translucent panels come in blue, green and redwood with frost white reverse sides for coolness. Barclay, Lodi, N.J.
CIRCLE 227 ON READER SERVICE CARD

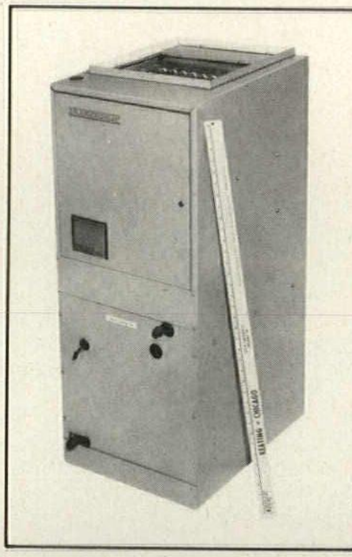
Retractable patio awning features a PVC and polyester canopy coated with a special low-maintenance finish. Arms and braces are anodized aluminum and brackets, extruded aluminum. Carefree, Scott & Fetzer, Broomfield, Colo.
CIRCLE 229 ON READER SERVICE CARD

Translucent fiber glass panels, Alsynite®/Structoglas, are lightweight and easy to handle. Panels, available in a wide range of patterns and colors, can be used as patio roofing *(below)*, for fencing or in carports. Reichhold Chemicals, Cleveland, Ohio.
CIRCLE 230 ON READER SERVICE CARD



more products on page 112





Air-cooled liquid chiller packages are available in ten sizes ranging from 20 to 110 nominal tons. Factory-assembled prewired units are designed for rooftop or ground-level installation. Low-silhouette units feature a side pull-through, top-discharge air flow pattern. Mueller Climatrol Piscataway, N.J.
CIRCLE 259 ON READER SERVICE CARD

"Model FE" air handlers incorporate direct expansion evaporator coils and nickel-chromium electric heat elements. Available in 1½ to 5 ton sizes, units can be converted from upflow to downflow by reversing the coil assembly. An optional drainpan kit allows for horizontal conversion. Northrup, Dallas, Tex.
CIRCLE 260 ON READER SERVICE CARD

Through-the-wall "Modulaire II Package Terminal Air Comfort Conditioners" heat, cool, ventilate and dehumidify. The units have cooling capacities from 9,000 to 15,000 BTUH and heating outputs of 7,000 to 17,000 BTUH. Chromalox, St. Louis, Mo. CIRCLE 261 ON READER SERVICE CARD


VALLEY

Steel drywall and plastering components are featured. Booklet covers metal lath, corner beads, trim accessories, screeds and moldings, casing beads, control joints, etc. Binder-hole-punched brochure provides details on uses, sizes, styles, packaging and weights. Diagrams and specification charts complement brief text. U.S. Gypsum, Chicago.
CIRCLE 301 ON READER SERVICE CARD

Woven wood is featured in a full-color idea book. Suggested uses include window shades, draperies and room dividers. Brief installation instructions accompany photographs of actual applications. Product patterns, colors and decorative trim are shown. Copies can be obtained by sending 50¢ to Del Mar Woven Wood, P.O. Box 476, Dept. HH-874, Bogart, Ga. 30622.

Wall paneling is shown in full-color photographs of room settings and close-ups of woodgrain patterns. Core construction, face veneers, finishing and adhesives are described in detail. Fire-retardent paneling is featured on two pages—one of text and one a fire-hazard classification chart. Specifications are included. U.S. Plywood, New York City.
CIRCLE 303 ON READER SERVICE CARD

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

Vinyl siding is the subject of an eight-page, full-color brochure. Product characteristics and advantages are presented. Mastic, South Bend, Ind.
CIRCLE 305 ON READER SERVICE CARD

Efficiency kitchen appliances and cabinet packages fill a full-color catalog. Each unit is fully described in text, with accompanying illustrations and specifications. Davis, Sowagiac, Mich.
CIRCLE 306 ON READER SERVICE CARD

Square yard/meter conversion booklet lists centimeter and meter equivalents for linear feet and inches, then provides square yardage or square meter computations for 9', 12' and 15' widths. Table uses contrasting-colored columns for yards and meters to avoid confusion. Another table tells how to convert conventional length, area, mass, liquid volume and temperature measurements to metric measure. Berven Carpets, Fresno, Calif.
CIRCLE 311 ON READER SERVICE CARD

Hardboard siding brochure uses full-color photographs and illustrations to present product styles and uses. A soffit system is also described. Specs and application and finishing instructions fill several pages. Masonite, Chicago.
CIRCLE 307 ON READER SERVICE CARD

Folding bath enclosures are presented in a full-color folder. Design and installation features are described. Seven available panel colors are shown. A cross reference booklet lists complete specifications. Kinkead, Chicago.
CIRCLE 315 ON READER SERVICE CARD

Window hardware is cataloged in a 93-page black-and-white booklet. Replacement parts and drapery hardware are also listed. Diagrams, specs and prices are included. Blaine, Hagerstown, Md.
CIRCLE 308 ON READER SERVICE CARD

Metal stud/drywall partition systems are illustrated and described in a brochure. Product advantages and installation procedures are discussed. U.S. Gypsum, Chicago.
CIRCLE 309 ON READER SERVICE CARD

Air conditioning and heating equipment catalog consists of illustrations, specifications and charts. Products listed include room air conditioners, console humidifiers and electronic air cleaners. Also listed are remote air conditioning and heat pump stations, mobile-home air conditioning and roof-top heating and cooling systems. Heat Controller, Jackson, Mich.
CIRCLE 310 ON READER SERVICE CARD

Stainless steel sink tops, bowls and accessories are featured in a 50-page catalog. Illustrations and specifications are included. Just Manufacturing, Franklin Park, Ill.
CIRCLE 312 ON READER SERVICE CARD

Glazed concrete block catalog details physical properties and advantages. Colors, shapes and textures are shown in full-color photographs of actual applications. Specs and installation instructions are included. Burns & Russell, Baltimore, Md.
CIRCLE 314 ON READER SERVICE CARD

Bonding agents catalog describes a heavy-duty bonding product, one for plaster, two bonding additives plus sealing/dustproofing, self-bonding and quick-set compounds. Charts show performance-test results. Illustrations and diagrams accompany full specifications. Larsen Products, Rockville, Md.
CIRCLE 313 ON READER SERVICE CARD

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

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