

OCTOBER 1982

HOUSING

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**KITCHEN
& BATH**
SHOWCASE

EXCLUSIVE

**Quarterly Housing
Demand Index**

CHANGING MARKETS

**How to position
yourself for the '80s**

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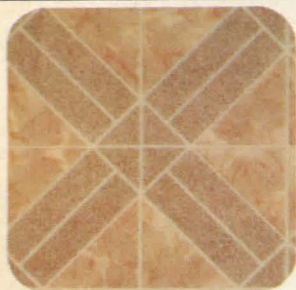
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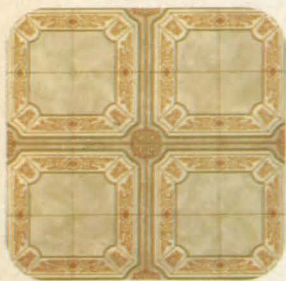
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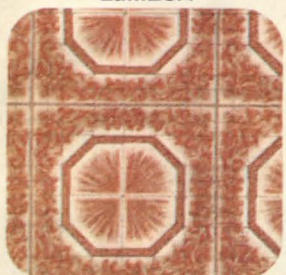
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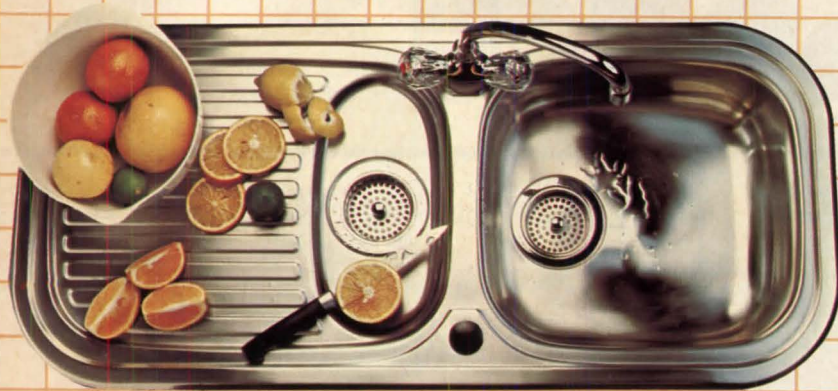
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- Please send general color and product information.

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Luwa Announces The End Of The Sink.

Today's kitchen looks different. Life in the kitchen is different. Sinks are not just to soak dishes. So Luwa makes sinks differently. By not making sinks. Luwa makes work centers.



Luwa provides you more counterspace. With a bowl big enough to wash anything washed by hand in today's kitchen. A drainboard for cleaning big pans so your tile or countertop isn't scratched. And a drainboard that fits perfectly over the dishwasher for more space economy.

the design-coordinated accessories. Food can be prepared on a custom designed teak cutting board. Scraps are easily collected in a center waste bowl with a convenient insert bowl. Fine china or crystal basket and lifted out right onto

Beauty and function combine in can be cleaned in the form-fitted dish the drainboard to dry.

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Great European design plus outstanding American efficiency mean you get what you want, when you want it. No double stocking—all sinks are right/left adaptable. They're easy to install with our superior clipping system. And the price is the easiest part of all! Luwa. We're putting an end to the sink. And putting you on top in kitchen design.

All units available from our Charlotte, N.C. facilities or our local distributors. For more information call or write:

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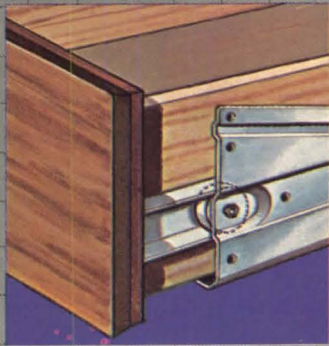
HOUSING

KITCHEN & BATH SHOWCASE	59	A guide to the kitchen and bath showcase
	60	Sculpting Space: Three approaches to remodeling kitchens
	70	Creative ideas for compact kitchens
	75	What a small builder can learn from a kitchen designer
	80	Idea Notebook: Baths of a different color
84	Talk Starters	

COMPANIES	36	What the Manville asbestos case portends
CONVENTIONS	22	Window energy show reflects growth of industry
FINANCE	20	Programs for financing remodelings get boost
INDICATORS	13	What the latest economic data means to housing
MARKETS	30	Industry-sponsored housing study planned
	32	Builder cooks up sales pitch
	37	Special Report: How to position yourself for the '80s
	48	In Historic Smithville: It's full-steam ahead as mini-condos set new course out of economic doldrums
	53	Housing Demand Index
PEOPLE	30	Faces in the news
PRODUCT NEWS	104	Items of interest from manufacturers and associations
REHAB	50	School bells keep giving way to doorbells as developers recycle old buildings
WASHINGTON	17	Tax bill revives mortgage revenue bonds . . . and waters down tax credit
	28	Congress asked to fund rehab test program Revised HUD program to aid rental buildings
	32	Congress gets bill to help first-time buyers
DEPARTMENTS	5	Editor's Page
	9	Hotline
	86	New Products
	91	Reader Service Card
	105	Classified
	106	Literature
	108	Advertiser's Index
	109	Product Information Index
110	Letters	
COVER		Kitchen remodeling by William B. Remick of Piedmont, Calif. Photo by Richard Gordon, Freiwald/Gordon Photographers

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The lowest priced all-wood cabinet has more to offer than just low price.

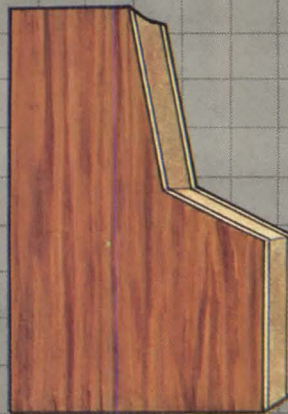


The real beauty of Kitchen Kompact cabinets is the quality for the dollar. Make a sale and some profit, too.

You're going to sell her with the kitchen. And she's going to sell him on the rest of the home.

All KK cabinets are reversible for left or right installation with hanging rails at both top and bottom in wall cabinets. And, adjustable shelves are a standard feature in all wall cabinets.

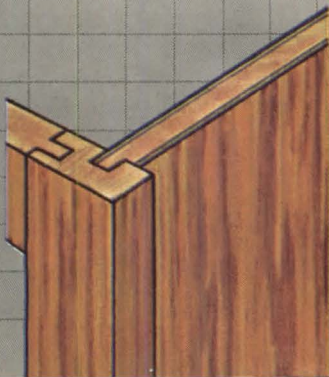
Try it, and you'll find a drawer suspended on ball bearing operated nylon rollers. Pulls with a gentle touch, but doesn't push the price up.



Warp resistant door construction with a red oak veneer face and back features a hand wiped finish and self-closing hinges.

Kitchen Kompact, Inc.
 KK Plaza - P.O. Box 868
 Jeffersonville, IN 47130
 812-282-6681

Look at the construction of KK cabinets. Frames of 3/4" hardwood, joined by mortise and tenon, with glue and power nailed. End panels are a full 1/2" thick with wood veneer.



Kitchen Kompact

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This is your last issue of HOUSING magazine . . .



On September 20th, McGraw-Hill sold HOUSING to Hanley-Wood Inc., publishers of *Builder*. The two magazines will be merged starting with the November issue.

It's always sad when a magazine ceases publication. HOUSING (then *House & Home*) was started back in 1952, when homebuilders were just beginning to come together as an industry. It ends now in a period of trouble and change for that industry—like many of its readers, a victim of the times.

We're proud of what we've done during those 30 years. This magazine showed you ways to make your management and merchandising more professional. We led the way in encouraging change in such vital areas as design, financing, product development, land use and planning. We were the first to explain the benefits and pitfalls of many things that are commonplace today, such as townhouses, cluster housing, and zero-lot-line, PUD and condominium development. And we were also the first to point out the need for larger, more luxurious houses on larger lots in the '50s, and, more significantly, smaller houses built at higher densities in the late '70s.

Because we spotted social and economic trends and tried to interpret what they would mean to our industry, we often were ahead of our times. And often we told you things you didn't want to hear. But we've always thought of you as friends and treated you that way.

You've treated us as friends too. You've given us your time, your help, your expertise, and you've given them generously and often without return. All of us on the HOUSING staff have appreciated this over the years; now we want to say thank you.

We want you to know that we'll miss you as we scatter to different jobs. But we'll be thinking of you.

Good-bye and good luck.

—NATALIE GERARDI



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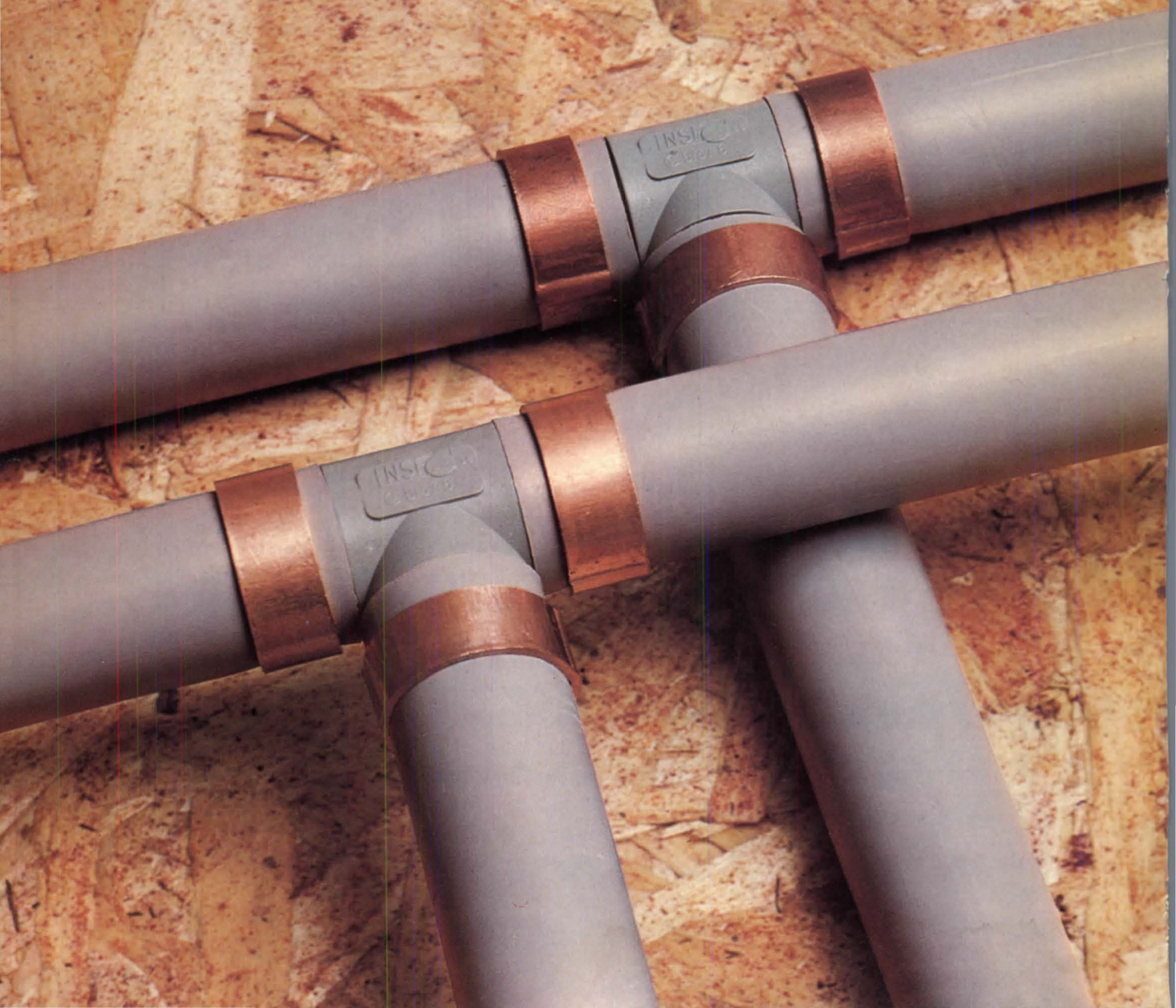
This issue of Housing is published in national and separate editions.



NAHB Research Foundation selects



Duraflex™ plumbing pipe. Pipe that outperforms copper and installs for 44% less.



When the NAHB Research Foundation built HUD's model Energy Efficient Residence (EER-2), it selected Duraflex* plumbing pipe on the basis of its performance.

Their decision was based in part on a test this independent organization ran in which they compared the cost of plumbing a house with Duraflex polybutylene pipe to that of a similar one plumbed with copper. They found that the use of Duraflex pipe and its fittings reduced the total materials and installation costs by 44%.

In addition to reducing costs, Duraflex polybutylene pipe also improves performance.

Pipe made from this resin won't corrode, since it's not metallic. And it will resist scale build-up.

Polybutylene plumbing pipe has the elasticity to expand when water freezes inside it and to retain its strength when the water thaws. A rigid plumbing pipe system could crack.

The elasticity also gives a quieter plumbing system. The pipe actually cushions the water surge that would cause water hammer in rigid piping systems.

Flexible polybutylene pipe easily bends around corners and takes

fewer fittings to install. One man can quickly plumb a house with polybutylene pipe without any welding or soldering: improving safety and saving time.

Polybutylene pipe is getting the acceptance it deserves.

Recognizing the benefits of Duraflex pipe, eight of the ten top metropolitan areas (based on 1981 housing starts) have approved the use of polybutylene pipe for hot and cold water plumbing. And, polybutylene is the only plastic material approved for use in hot and cold water distribution by all of the major national and regional plumbing codes.

In addition, polybutylene pipe is rapidly gaining recognition as a reliable component for use in fire sprinkler, radiant heating, and solar systems.

The word gets around: Duraflex polybutylene resin has made gray the color of excellence for pipe.

The next time you request plumbing bids, specify Duraflex polybutylene pipe.

For more information, write today: Manager, Polybutylene Department, One Shell Plaza, Houston, Texas 77002.



Shell Chemical Company

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*Duraflex™ is a trademark of Shell Chemical Company for its polybutylene resins. Shell Chemical does not manufacture pipe.

If they can't stand the heat, tell them to get a Caloric in their kitchen.

You know how hot a kitchen can get when the oven's on.

That's why Caloric has designed a full line of self-cleaning gas and electric ovens with a double-insulating system. So they'll help keep the kitchen cooler whenever they're on.

Both Caloric gas and electric self-cleans are *true* self-cleaning ovens.

And they have to get hot enough on the self-clean cycle in order to reduce all the food particles to ashes. That's why we put a full, extra panel over our insulation. And we keep air moving along the sides, to help the outside stay even cooler.

So, whether your customer is cleaning her oven or baking in it, she'll be happy knowing her kitchen's staying as cool as possible.

But it takes more than good insulation to build a good range.

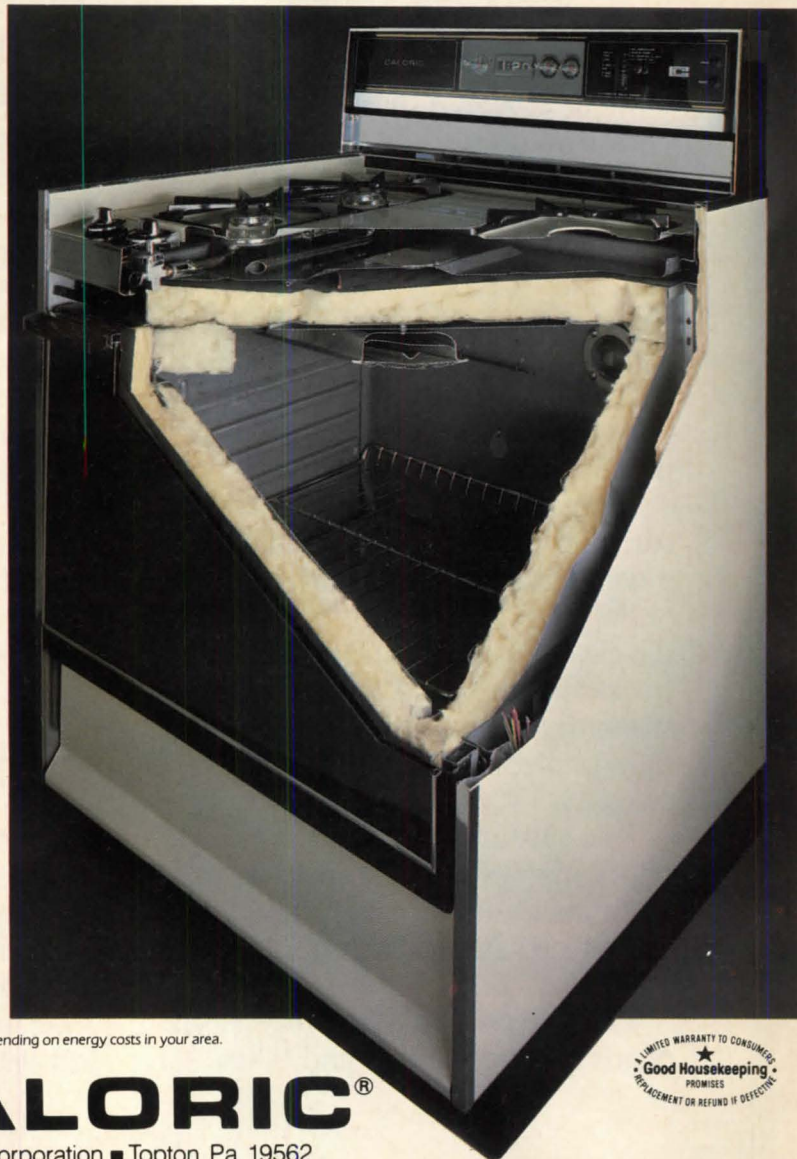
That's why we use unitized construction on our chassis, and why we hand-dip our ovens in porcelain. Both inside and out.

Best of all, it doesn't cost a lot to operate—just 26¢* each time it's cleaning. And, because it's working twice as hard to keep her kitchen cooler every day, your customer is sure to consider her Caloric a terrific value.

We think a kitchen's warmth should come from the people in it, not their appliances. That's why our double-insulated gas and electric self-cleaning ovens are perfect for every customer, every day.

Because we build them as if our reputations depended on it. Your reputation. And our reputation.

*Based on FTC average figures published January, 1981. Cost may differ slightly, depending on energy costs in your area.



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A somewhat distorted vacancy picture emerges as single-family houses, duplexes and condos enter the rental market and cause the vacancy rate to edge upward. According to a quarterly survey published in the current issue of *U.S. Housing Markets*, there has been an increase of some 50,000 vacant single-family units available for rent over the past year. One example cited in the Advance Mortgage Corp. publication: Suburban multilists in the Washington, D.C. area show 500 houses for rent every month. Meanwhile in Atlanta, fee-simple townhouses and multiplexes are being marketed heavily to investors who then rent them out. And, the survey reports, a townhouse complex in Detroit auctioned one-year leases, while mother-in-law units in single-family houses (most without legal permits) appear to be proliferating. The result, says the survey: The overall vacancy rate for the first half of '82 is 5.2 percent compared to last year's 5.1 percent. But at the same time, the rental apartment vacancy rate dropped from 6.6 percent a year ago to 6.3 percent.

Zoning laws need changing to permit 'accessory' or mother-in-law apartments in single-family homes. That's the gist of a report, "Accessory Apartments: Using Surplus Space in Single-Family Houses," put out by the American Planning Association. In the report, APA urges local government officials and planners to revise codes that do not allow such apartments, citing the advantages they offer: for example, to elderly people who can use rental income from such units to retain a home they might not otherwise be able to keep; and to tenants who otherwise might not be able to locate affordable rental space in a tight market. Some other advantages of legal conversions, says APA: a single parent might be able to keep his or her home after a divorce; more young couples might be able to afford to purchase a home; and elderly relatives might be able to live independently among family members.

In a break with tradition, first-time buyers are purchasing new rather than existing homes, according to economists of both the National Association of Realtors and the National Association of Home Builders. "That's the way it's going to be" until interest rates come down, says William C. Young, economic research analyst at the NAHB. It used to be that the wide range of prices and architectural styles available in existing housing stock attracted first-time buyers. But because builders can more easily meet a new set of demands for smaller, more affordable houses, first-timers have been spurning existing homes, says Kenneth J. Kerrin, vice president of economics for NAR.

Citing a critical need for low-cost housing and new job opportunities in the cities, the Inner City Venture Fund of the National Trust for Historic Preservation is providing \$320,000 in grants and low-interest loans for revitalization projects to neighborhood organizations in six cities. Involved is more than \$10 million in housing and commercial work—all projects in historic areas with predominantly low- and moderate-income residents, says Michael L. Ainslie, president of The National Trust. Including the new grants, \$1.175 million has been given to 19 neighborhood organizations since the program began in March 1981.

Energy efficiency is now a standard requirement of the typical remodeling job, according to the Dow Chemical Co., which says that virtually every new siding job includes some type of insulation product. The manufacturer of Styrofoam™ reports that a random sampling of energy costs for natural gas and electricity in eight Midwestern and Northeastern metropolitan areas showed an average rise of 31 and 36 percent respectively between February, 1980 and the beginning of this year.

HOUSING HOTLINE

A hopeful sign for homeowners with balloon payment mortgages could be the slowly lowering interest rates of the past weeks. So predicts Kenneth Leventhal, co-managing partner of Kenneth Leventhal & Co., real-estate CPA specialists. "Easing of the money supply may allow many families to refinance and avoid the foreclosures that have been predicted," he says. In California alone, he points out, 28,305 home sales valued at \$2.1 billion were financed by sellers under creative financing arrangements in 1981. Families faced with balloon payments on such sales amount to 19,843 in 1982, and the figure will rise to 64,684 by 1985, Leventhal added. "Without the institutional funds to refinance these sales, many recent buyers face the possibility of losing their homes."

More evidence that downsizing is the wave of the future—a report that growing numbers of transferees are seeking smaller homes. The report shows up in Runzheimer Reports on Relocation, a newsletter published by Runzheimer & Co. Inc., Rochester, Wisc. The reasons, of course, are the obvious—high interest rates, soaring energy costs and changes in lifestyles whereby homebuyers are "putting less emphasis on size and more on quality."

A revised standard on minimum design loads for buildings and other structures, recently published by the American National Standards Institute, should have a significant impact over the next 10 years, says Dr. Bruce R. Ellingwood of the National Bureau of Standards' Center for Building Technology. The standard, which outlines requirements for dead, live, wind, snow and earthquake loads—and their combinations—is applicable to a variety of buildings including residences, office buildings and industrial plants. The revised standard is designated ANSI A58.1-1982.

Fewer people expect to move during the next five years, but when they do move, 71 percent expect to buy rather than rent. This is one of the findings of "The First Nationwide Survey of Consumer Attitudes Toward Homebuying." The study, done by Louis Harris for the Federal National Mortgage Assn. (Fannie Mae), adds that 91 percent of Americans believe two paychecks are required to meet monthly payments. Other findings: 53 percent still prefer a fixed-rate mortgage, even after hearing explanations of other forms of mortgages. What this means, says David Maxwell, Fannie Mae chairman, is that "Interest rates aren't the only deterrent to prospective buyers. A major obstacle is unfamiliarity with new kinds of mortgages that can make home ownership more affordable."

The first significant downtrend in two-and-a-half years is showing up in the apartment and commercial mortgage market—but it's well-leased existing projects rather than those proposed that are benefitting. So says Citicorp Real Estate Inc. in its current benchmark survey of mortgage rates. CREI's report found a drop of 1.5% in mortgage rates for refinancing or bridge financing of existing properties. In contrast, rates for mortgages for proposed construction dropped only .25% or were stable.

Long-term performance is what pension trusts should study when they evaluate real estate investments, advises Thomas L. Karsten, president, Thomas L. Karsten Associates, a national real estate consulting firm based in Los Angeles. Speaking before the Western Pension Conference, held in Colorado Springs, Karsten said the recent retreat of pension funds from real estate investment reflects a "short-term philosophy operating in a context where performance can only be satisfactorily measured over the long term."

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Indoor air treatment should be as standard as the bathroom shower.

Bathroom air presents a lot of problems. Odor and contaminants are the obvious ones, but moisture is a concern too. If moisture just meant wetness, the best way to handle it would be to open the door and let air circulate freely. But moisture carries with it bacteria and fungi. The best way to handle odors—even those caused by bacteria and fungi, and other contaminants, is to include an

Ecologizer® built-in air treatment system in your plans.

The Ecologizer® built-in air treatment unit with the CA190® advanced scientific formula filtering system continuously removes household and tobacco smoke odors, dust, and pollen from indoor air.

It's been working construction for a decade.

Hotels, motels, condominiums, apartments, and single family homes have been using this proven air treatment unit in bathrooms, walk-in closets, laundry rooms, and other small spaces for over ten years. It's the only system of its kind to meet the National Sanitation Foundation C-10 Criteria for Ductless Air Treatment Devices.

More than built-in clean air.

The Ecologizer® built-in air treatment system cuts down on energy costs by recirculating expensively heated and cooled air. It's easy to install and maintain.

And it saves per unit construction costs by eliminating ductwork. The Ecologizer® built-in air treatment system. Setting the standard for indoor air treatment.



ECOLOGIZER®

BUILT-IN AIR TREATMENT SYSTEM

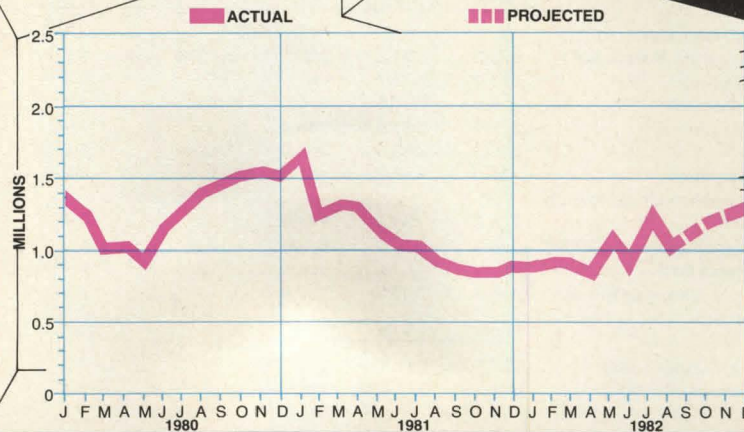
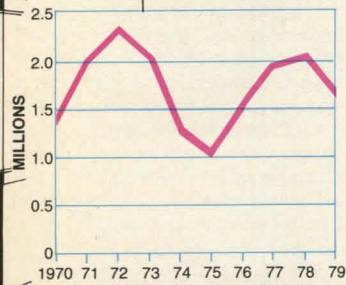
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Rush-Hampton Industries, Inc.
Longwood, Florida

PHOTOGRAPHY BY MARY E. NICHOLS
INTERIOR DESIGN BY MARLENE GRANT

Housing Starts
The Long-Term Picture



Like the ill-fated Vanguard I, the homebuilding recovery keeps blowing up on the launch pad. After July's blastoff, starts dropped in August, echoing the May-June whipsaw. Fortunately, mortgage quotes are beginning to react to the mid-August plunge in interest rates. Cheaper money is the one way to fuel a bona fide recovery in construction. Thus,

the trend should be upward the rest of this year and in 1983, though there are measurable odds for a misfire. The Fed already has to contend with excessive growth in money supply. And the U.S. Treasury is borrowing by the carload. Money market rates are starting back up and will go higher. But we will not return to the peak rates of the last two years.

Starts crashed in August, down 16 percent though still at the one million annual rate. Some of the reversal was well anticipated. The over-five unit category plunged 38 percent, a certain outcome after July's huge run-up. Two-to-four unit starts slipped nearly 2 percent. And the critical single-family category dropped another 2.4 percent, continuing its ominous slide. The deterioration was concentrated in the South, where starts fell a whopping 27 percent. Naturally, this is where the July boomlet was located. But activity also weakened in the West, down almost 7 percent in August. Starts did go up in the Northeast and North Central regions, but these areas account for less than 30 percent of construction activity. The August building permit report fills the homebuilding picture with darkest gloom, plummeting nearly 17 percent—including a 37 percent drop in the over-five unit group. Fortunately, single-family permits shrank a modest 1.2 percent. The July rise in private completions was led by a 16 percent jump in the single-family category.

Sales of new single-family homes fell almost 5 percent in July. Indicative of the ever thinner pool of eligible buyers, the average sales price climbed 5.6 percent to over \$91,000. And the supply of new homes on the market rose to 8.8 months of current sales. Existing home sales also suffered a large setback in July, down more than 6 percent. And the average sales price also lost ground, \$400 or 0.5 percent. As further evidence of the incredible shrinking housing market, mobile-home shipments fell 4.3 percent to a 246,000 annual rate. Somewhat encouraging for homebuilders was the report that spending for home repairs and alterations recovered by 6.5 percent in the second quarter to a \$45.7 billion annual rate. Lest anyone get carried away with euphoria, however, that is unchanged from the rate of a year ago.

Construction Activity

In Thousands of Units/Year ⁽⁷⁾

	8/82	7/82	8/81	Change From Previous Mo.	Change From Year Ago
Private Housing Starts	1,002	1,195	946	-16.2%	+ 5.9%
Single Family	610	625	614	- 2.4	- 0.7
Two-to-Four Unit Bldgs.	102	104	76	- 1.9	+34.2
Other Multifamily	290	466	256	-37.8	+13.3
Total Building Permits	886	1,062	878	-16.6	+ 0.9
Single Family	494	500	505	- 1.2	- 2.2
Two-to-Four Unit Bldgs.	91	85	91	+ 7.1	0.0
Other Multifamily	301	477	282	-36.9	+ 6.7
	7/82	6/82	7/81		
Private Housing Completions	991	935	1,320	+ 6.0%	-24.9%
Single Family	673	580	864	+16.0	-22.1
Two-to-Four Unit Bldgs.	76	66	123	+15.2	-38.2
Other Multifamily	242	289	333	-16.3	-27.3
Private Units Under Construction	678	662	832	+ 2.4	-18.5
Single Family	381	385	468	- 1.0	-18.6
Two-to-Four Unit Bldgs.	48	45	59	+ 6.7	-18.6
Other Multifamily	249	232	304	+ 7.3	-18.1

Market Activity

Annual Rate

	7/82	6/82	7/81	Change From Previous Period	Change From Year Ago
New Single-Family Sales⁽⁷⁾	353,000	371,000	408,000	-4.9%	-13.5%
Average Sales Price^{(7)*}	\$91,100	\$86,300	\$82,600	+ 5.6	+10.3
Backlog of New Homes⁽⁷⁾	8.8 mo.	8.3 mo.	9.8 mo.	+ 0.5	- 1.0
Existing Home Sales⁽⁶⁾	1,860	1,980	2,450	- 6.1	-24.1
Average Sales Price^{(6)*}	\$81,900	\$82,300	\$79,600	- 0.5	+ 2.9
Mobile Home Shipments⁽⁷⁾	246	257	267	- 4.3	- 7.9
	1982	1982	1981		
	2nd Qtr.	1st Qtr.	2nd Qtr.		
Spending on Home Repair, Etc. (billions/year)⁽⁷⁾	\$45.7	\$42.9	\$45.7	+ 6.5%	0.0%

Construction Cost Indices

	1967 = 100			Change From Previous Mo.	Change From Year Ago
	8/82	7/82	8/81		
Wholesale Price Index—					
All Construction Materials ^{(6)*}	293.3	294.0	290.7	- 0.2%	+ 0.9%
Asphalt Paving ⁽⁶⁾	573.1	573.7	607.1	- 0.1	- 5.6
Portland Cement ⁽⁶⁾	335.6	337.6	331.5	- 0.6	+ 1.2
Softwood Lumber ⁽⁶⁾	323.5	331.8	348.4	- 2.5	- 7.1
Plywood ⁽⁶⁾	229.3	232.4	245.6	- 1.3	- 6.6
Plastics Products ⁽²⁾	147.9	146.7	157.6	+ 0.8	- 6.2
Production Index—Construction					
Supplies ^{(4)*}	123.6	123.4	144.0	+ 0.2	- 14.2
Construction Employment(000) ^{(6)*}	3,902	3,929	4,146	- 0.7	- 5.9
Unemployment Rate—Constr. ⁽⁶⁾	20.3%	20.3%	16.2%	0.0	+ 4.1
Hourly Constr. Earnings Index ⁽⁶⁾	140.7	140.5	132.8	+ 0.1	+ 6.0
	7/82	6/82	7/81		
New Materials Orders (000) ⁽⁷⁾	\$12,152	\$11,384	\$13,177	+ 6.7	- 7.8
Materials Shipments (000) ⁽⁷⁾	\$12,250	\$11,720	\$12,946	+ 4.5	- 5.4

Financial Activity*

				Change From Previous Mo.	Change From Year Ago
	7/82	6/82	7/81		
Net New Deposits, S&Ls					
(millions) ⁽³⁾	(\$ 1,215)	(\$ 3,262)	(\$ 5,538)	(\$2,047)	(\$4,323)
Outstanding S&L Mortgages					
(millions) ⁽³⁾	\$15,535	\$16,753	\$17,135	- 7.3%	- 9.3%
Mortgage-Backed Securities—					
S&Ls (millions)⁽³⁾	\$50,544	\$46,823	\$30,159	+ 7.9%	+67.6%
Net New Deposits—Mutual					
Savings Banks (millions)⁽⁵⁾	(\$ 1,100)	(\$ 1,226)	(\$ 1,935)	\$ 126	\$ 835
	8/82	7/82	8/81		
Effective Mortgage Commitment					
Rate (Convent., 25-yr., 75%) ⁽³⁾	17.02%	17.23%	16.96%	-0.21	+0.06
Atlanta	16.83	17.33	17.48	-0.50	-0.65
Boston	17.18	17.46	17.58	-0.28	-0.40
Chicago	17.62	17.70	17.56	-0.08	+0.06
Dallas/Ft. Worth	16.61	16.42	16.97	+0.19	-0.36
Denver	17.55	17.63	17.24	-0.08	+0.31
Kansas City	16.53	16.82	16.98	-0.29	-0.45
Los Angeles	16.39	16.67	17.36	-0.28	-0.97
Miami	17.04	17.02	17.40	+0.02	-0.36
Washington, D.C.	17.17	17.48	17.41	-0.31	-0.24
	9/83	3/83	9/82		
Ginnie Mae—8% Futures	14.358	14.210	13.959	+0.251	+0.399
Contract— % Yield ⁽¹⁾					

General Economic Indicators

				Change From Previous Mo.	Change From Year Ago
	8/82	7/82	8/81		
U.S. Industrial Production Index					
(1967 = 100) ⁽⁴⁾	138.0	138.7	153.6	- 0.5%	- 10.2%
Personal Income					
(billions of dollars) ⁽⁷⁾	\$2,601.0	\$2,592.5	\$2,459.6	+ 0.3	+ 5.7
Savings Rate ⁽⁷⁾	7.2%	7.1%	6.9%	+ 0.1	+ 0.3
Total Employment (Millions) ⁽⁶⁾	99.839	99.732	100.840	+ 0.1	- 1.0
Unemployment Rate ⁽⁶⁾	9.8%	9.8%	7.3%	0.0	+ 2.5
Wholesale Price					
Index (1967 = 100) ^{(6)*}	300.4	300.6	296.4	- 0.1	+ 1.3
Retail Sales (billions of dollars) ⁽⁷⁾	\$88,292	\$89,089	\$87,961	- 0.9	+ 0.4
Domestic New Car Sales					
(millions/year) ⁽⁷⁾	5.446	5.140	7.818	+ 6.0	-30.3
	7/82	6/82	7/81		
CPI (1967 = 100)	292.2	290.6	274.4	+ 0.6	+ 6.5
CPI - Home Ownership	384.5	382.8	358.0	+ 0.4	+ 7.4

Sources: (1) Chicago Board of Trade; (2) Electrical Marketing Newsletter; (3) Federal Home Loan Bank Board; (4) Federal Reserve Board; (5) National Association of Mutual Savings Banks; (6) National Association of Realtors; (7) U.S. Department of Commerce; (8) U.S. Department of Labor. All data seasonally adjusted unless marked by an asterisk (*). In most cases latest figures are preliminary, with revisions shown in next month's table.

On a three-month uptrend, production of construction materials and supplies rose 0.2 percent in August and is 1.3 percent above the miserable low established last May. Some of the rejuvenation surely stems from July's heady 6.7 percent surge in new orders for construction wares, which also allowed a 4.5 percent rise in shipments. The industry's prolonged inventory clearing campaign apparently now means that new demand will have to be met out of increased output. Less optimistic is a marked drop in producers' prices for construction goods. The overall index fell 0.4 percent in August after seasonal adjustment, down 0.2 percent unadjusted. Prices were weaker on a broad front, though plastic materials edged up. While the unemployment rate for construction was unchanged in August, the number of jobs fell a large 0.7 percent. And hourly earnings in construction rose a scant 0.1 percent, less than the rise in manufacturing.

Watch for volatile movements in interest rates, tending toward the upside. Money supply growth has spurred to beyond the Fed's targets. And the U.S. Treasury is tapping credit markets for huge sums. Money growth has been boosted by heavy foreign demand for dollars, led by the Mexican peso crisis. And there will be a bulge in growth at the start of October, due to quarterly business borrowing patterns that will also conflict with the Treasury's activities. While the Fed indicated a tolerance for some excessive growth, it will likely firm significantly within the next four weeks. In the interim, uncertainty will run high in financial markets, causing large swings in rates. Fortunately, mortgage rates will generally be working their way lower—first, out of response to the recent dramatic collapse in interest rates, and also because savings flows to mortgage lenders are expected to improve steadily. But the move to a more favorable cost of funds will likely reverse field for a while. And some mortgage institutions could well get caught in another squeeze. Mid-October may mark another financial crisis.

Real GNP climbed 1.5 percent, according to the government's preliminary estimate for the third quarter. Not to argue, but evidence most everywhere else points to weakness. Industrial production fell another 0.5 percent in August, after a false uptick in July. The unemployment rate held steady at a woeful 9.8 percent in August, but factory payrolls continued to evaporate. Worse yet, retail sales fell 0.9 percent as consumers squirreled away their tax cuts in savings accounts or paid old bills. And advance reports for early September show that initial claims for unemployment insurance have probed new highs. The key to this slow recovery is a lack of consumer confidence. With joblessness rampant, no one's in a hurry to spend, be it on new homes or new shoes. Sadly enough, the comeback in consumer confidence will be slow and drawn out. Our forecast is for a weak and hesitant recovery, with real growth averaging only about 2 percent over the next year.

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Tax bill revives mortgage revenue bonds...

A major feature of the \$99 billion tax bill that President Reagan pushed through Congress makes it easier for states and local agencies to issue more mortgage revenue bonds—a key to lower mortgage rates for thousands of new homebuyers.

Among other things, the new law increases the allowable purchase price to 110 percent of the average house price in the area (up from 90 percent), and requires that only 90 percent of the bond proceeds benefit first-time homebuyers, instead of 100 percent.

Lukewarm approval. These provisions, says Edward A. Beck III, tax expert for NAHB, are “not all that we wanted . . . but we’re probably going to see a lot of issues now.”

The association estimates that each \$1 billion of bonds finances about 17,000 units, and federal law this year allows \$14.3 billion to be issued. The peak year of 1980 chalked up \$10.5 billion of bonds, followed by a sharp decline to \$3.6 billion last year. However, a new upsurge is underway and \$3.6 billion have already been issued through the first half of 1982.

The big payoff homebuilders are

counting on is a decline in interest rates generally, and in mortgage rates particularly. Lower rates began to show in the market as soon as President Reagan and the Congress demonstrated that they would in fact increase taxes to decrease the massive federal deficits.

Jack Carlson, executive vice president of the National Association of Realtors, says the tax bill “is paving the way for a housing recovery.”

But NAHB economist Robert J. Sheehan looks for only a slight stimulation to housing starts this year, since he expects only a modest drop in mortgage rates. What the tax package does, he says, is make it “more likely we will realize our forecast” of slightly more than one million starts this year.

Favored status. The new law also benefits residential construction by granting exemptions from the general tightening of tax rules for other taxpayers. For instance, the rules for industrial development bonds for multifamily projects were liberalized, and should increase investor activity. For the first six months of this year, multifamily bonds issued totaled \$1.8 bil-

lion, contrasted with only \$1.1 billion during all of 1981. In the peak year of 1980 the figure was \$2.2 billion.

For most homebuilders the law continues to allow the use of the completed contract method of accounting while applying stricter requirements on contractors with more than \$25 million per year in gross receipts.

A major issue involving the status of independent contractors was resolved favorably for homebuilders. The IRS lost its campaign to classify many subcontractors as employees of a prime contractor. A 1978 moratorium on such reclassification expired in June, and Congress has now extended this indefinitely.

The present rules requiring capitalization of construction period interest and taxes for individuals and partnerships were extended to corporations, but residential construction is exempt.

Although pension plan loans to plan participants are generally limited to \$50,000 and require payment within five years, housing loans are exempt from the five-year rule.

—DONALD LOOMIS

McGraw-Hill World News, Washington

...and waters down tax credits

President Reagan's \$99 billion tax package has diluted some of the benefits of the investment tax credits offered under the 1981 Economic Tax Recovery Act. Among those credits whose attractiveness has been reduced by the recently passed tax bill is the 25 percent credit for the rehab of certified historic structures.

The new bill hasn't done away with the 25 percent rehab credit. But, says David Singer, a tax partner in the New York City offices of accounting firm Laventhol & Horwath, “if you take the credit, you now have to reduce the basis of the building by 50 percent of the amount of the credit.”

According to Singer, this change reduces the amount of depreciation that can be taken on a rehabbed certified historic structure and slightly erodes tax shelter advantages associated with such rehabs. Deals begun prior to July are exempt from this new provision. “If you had a binding contract for a rehab before July 1 and you place the building into service by January, 1986,” claims Singer, “the old

rules apply.” Under the old rules—old meaning those in last year's tax bill—the basis of a certified historic structure isn't reduced by the credit. Rehabs initiated after July must conform to the new restrictions.

Unaffected by the new tax law are the 15 percent credit for buildings aged 30 years or more and the 20 percent credit for those buildings 40 years old or older. These credits apply only to buildings rehabbed for commercial use and the basis of such buildings must be reduced by the full amount of the tax credit taken.

The 10 percent and six percent investment tax credits for property such as office equipment and machinery have been similarly revised. However, with these smaller credits one has an option. Instead of taking the full 10 percent or six percent credit and reducing the basis of the equipment by half the amount of the tax credit, one may instead elect to take a smaller credit of eight percent or four percent and take depreciation on the full value of the property.

—W. L. U.

Milton Kettler dies



Milton Ellsworth Kettler, chairman of the board and co-founder of Kettler Brothers, Inc. of Gaithersburg, Md., has died at the age of 59. The

firm, founded in 1952, is involved in homebuilding, general contracting, land development and real estate investment.

Kettler, a life director of the National Association of Home Builders, also served as director and past president of the Metropolitan Washington Builders Assn. and the Maryland Institute of Home Builders. He also held offices in the Suburban Maryland Home Builders Assn., the Washington Board of Realtors and the Metropolitan Washington Apartment Council.

In related activities, he frequently served as a judge for building industry contests, wrote articles for local and national publications, and spoke before numerous industry groups. —M.A.R.

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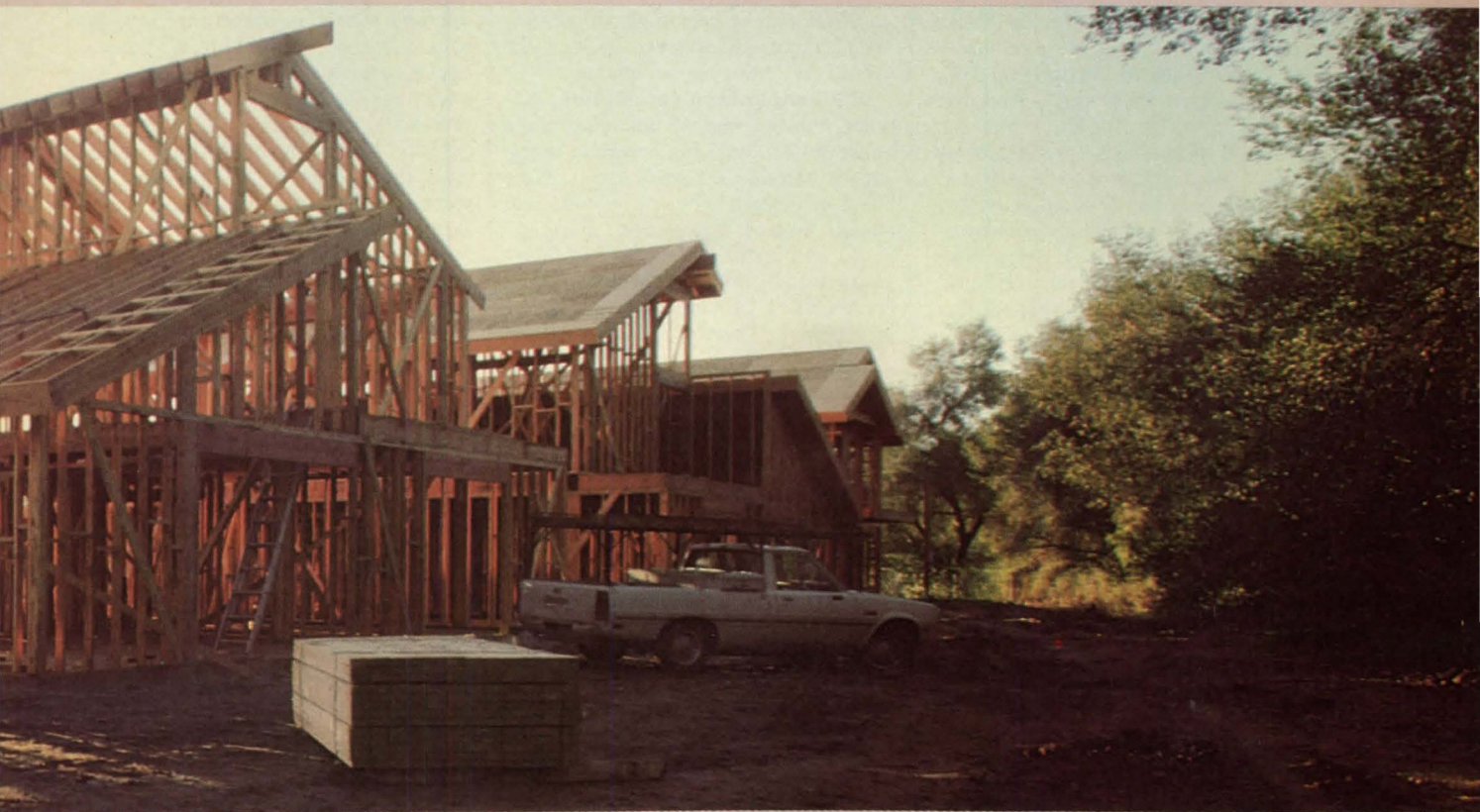
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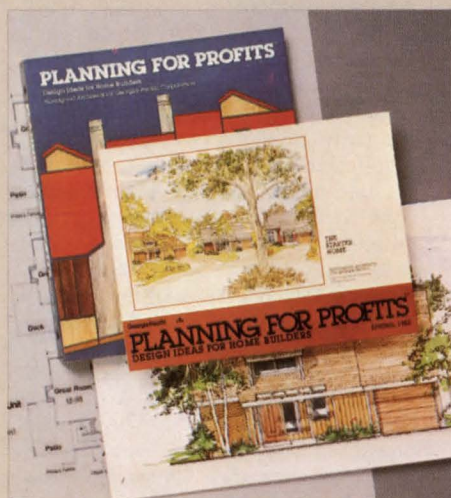
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Programs for financing remodelings get boost

Remodeling activity has grown significantly over the past five years. So significantly, in fact, that Richard Reed, vice president of mortgage marketing for Freddie Mac, contends that "the fastest growing sector of real estate-related expenditures by Americans has not been in the purchase of new homes but in funding improvements to existing homes." And with approximately two-thirds of the estimated 70 million or so existing homes in the United States aged twenty years or more, according to Reed, it appears the market for home improvements—including everything from a new kitchen or bath to a complete overhaul—has plenty more room for expansion.

Fortunately for builders looking to cash in on the current remodeling spree, opportunities for financing home improvements are also on the rise.

Conventional home improvement loans have long been a staple for financing home remodeling and will continue to hold down that role in the future. The rates on these loans are high—usually a few points above rates on mortgages—and terms are relatively short—usually ranging between three and fifteen years. Still, they carry one major advantage: Many lenders take the planned renovation into account when appraising the value of the home for making the loan. This allows the lender to make a larger loan at a given loan-to-value ratio than would be possible if the appraisal were made on an "as-is" basis.

The problem with home improvement loans, however, was that lenders had no secondary market to sell them to, as they do with first mortgages. This meant a dwindling supply of funds when lenders were faced with deposit outflows or other liquidity problems. Now, that's changed.

The Freddie Mac connection. Last year, Freddie Mac kicked off a program designed specifically to buy home improvement loans from lenders. The name of the program is HIL—Home Improvement Loans—and Freddie Mac's Reed calls it "the first step toward establishing a secondary market for home improvement loans." Under this program, Freddie Mac will buy home improvement loans of up to \$40,000 on single-family homes and up to \$15,000 on condominiums. The term of the loan must be either five, ten, fifteen or twenty years, twenty being required on loans of \$30,000 or more. To be eligible, the loans must be secured by the property being im-

proved, although the loan can be in second, third, even fourth position behind the first mortgage, so long as total debt doesn't exceed 90 percent of the home's value. According to Reed, "the secondary market for home improvements is becoming an increasingly important source of lendable funds" for financing remodeling.

The Fannie Mae connection. Another growing way of financing home improvements is using a second mortgage to tap into a home's equity. Now being originated by S&Ls, commercial banks, finance companies, mortgage banks and credit unions, second mortgages usually allow a homeowner to borrow up to 80 percent of the equity in a home. "There's no restriction on

'...a move that will substantially broaden availability of second mortgages...'

—Eisman

what these funds can be used for," says Russell B. Clifton, a vice president at Fannie Mae, which makes a second mortgage a more versatile instrument than a home improvement loan whose funds are earmarked specifically in the loan agreement. Terms on seconds vary, although ten to fifteen years is common.

Over the past year, the use of second mortgages grew substantially. And seconds will probably become even more prevalent now that Fannie Mae, the nation's largest purchaser of mortgages, announced in June that it will buy seconds from originating lenders. Previously, Fannie Mae bought only participations in pools of second mortgages—a practice that prevented lenders such as mortgage bankers, who didn't want to or couldn't hold the seconds not bought by Fannie Mae, from participating in the program. Fannie Mae spokesman Gene Eisman calls the decision to buy whole seconds "a move that will substantially broaden the availability of second mortgages nationwide."

In the near future, says Thomas A. Kasper, a vice president with Wall Street's Salomon Brothers investment house, seconds might even attract funds from investors via second-mortgage pass-through certificates. First-mortgage pass-throughs are already increasing the amount of money available for mortgages, and the introduction of this vehicle structured for sec-

onds would provide a new source of funds for second mortgages by creating a link between second-mortgage lenders and the capital markets.

The refinance route. A complete refinancing might be preferable to taking out a second or home improvement loan when a home with a sizeable equity cushion is being remodeled. An advantage to this approach is that the remodeling cost can be spread out over a 25- or 30-year mortgage term rather than the shorter terms available on seconds and home improvement loans. A disadvantage, however, is that the homeowner might have an older, low-interest-rate mortgage which would be replaced by a new mortgage carrying a current, and probably higher, rate.

However, if the first mortgage is held by Fannie Mae—and about one in twenty mortgages is—a homeowner might be able to refinance under Fannie Mae's resale/refinance program and avoid giving up all the benefits of the low-rate existing mortgage. In that case, says Clifton, "it's probably attractive to refinance because it's refinanced at a much lower rate than market."

What Fannie Mae does is offer a new mortgage of up to 95 percent of a home's appraised value. The mortgage carries a blended rate—a combination of the below-market rate on the old first mortgage and the higher current rate for the new money. The rate charged usually falls somewhere between the old rate and current rates.

For instance, if Fannie Mae holds a 10%, \$45,000 mortgage on a home now valued at \$66,700, the homeowner would be eligible for a \$60,000 mortgage at 11.5%. This would give the homeowner \$15,000 for remodeling, and be cheaper than adding a \$15,000, 10-year loan to the \$45,000, 10% mortgage. The rate Fannie Mae offers under this program is determined on a case-by-case basis. Also, most homeowners don't know if Fannie Mae, or anyone else, owns their mortgages. A quick call to the originating lender is all that's needed to find out if the mortgage has been sold to Fannie Mae and is eligible for the resale/refinance program.

Government programs. In these days of cutbacks in federal housing programs, there may be a tendency to overlook a government-sponsored financing program. But HUD's Title I program, which insures home improvement loans made by lenders, continues to provide funds, even though the max-

Continued on page 32



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Window energy show reflects growth of an industry

The continuing search for less expensive energy-savers has brought a lot of attention to the window accessory industry—so much so that at the second Window Energy Show in August, both attendance and exhibitors increased in number significantly. What's more, the exhibits were more elaborate (see right); where in many instances last year there were "backdrops with signs on them," says Paul M. Bass, president of Reel Shutters in New Orleans, "this year there are many more pre-made booths. Obviously a lot more money has been spent."

More of everything. This year's show, held in Las Vegas, drew 2,700 compared to 1,550 last year. And there were 230 exhibitors, up 125 from last year's 105. Products displayed covered a wide range, including roll shutters, blinds and shades, glazing and storm window systems, tinted solar films and skylights. All were designed to maximize the benefits of a window's solar heat gain capabilities, while reducing air infiltration and minimizing heat overload during the summer as well as heat loss during cold weather.

According to industry observers, one characteristic of this growing industry has been its lack of focus, with products tending to be primarily decorative, or else purely functional, with little attention paid to appearance. But this year, manufacturers seem to be trying to move closer to the middle, introducing products that are more practical in that they are both attractive and energy-saving. For example, the manufacturers of products, such as draperies or shades, were offering them in lined fabrics that act as insulators and are decorative as well. Says Robert Mead, executive vice president of the show's sponsor, Industrial Fabrics Association International: "I think you're beginning and will continue to see a consolidation of the poles as the years pass."

The future. There were, according to Gretchen Artig, public relations director for the window energy systems division of the Industrial Fabrics Assn., several noticeable trends: One was toward exterior sun control products, such as the lateral-arm awning. She saw more quilted window shades—an easy-to-install product and relatively inexpensive way to reduce air infiltration and solar gain. Automation of these and other products was also emphasized, as manufacturers seek ways to make sun control as easy as possible for the homeowner.

As builders, architects and consum-



PHOTOS: JAWS



Typical exhibits at the second annual Window Energy Show illustrate the elaborate displays at some of the booths this year. Shown in photo above is the framed exhibit that housed Hunter Douglas Inc. of Totowa, N.J.; at left, Paul M. Bass, president of Reel Shutters in New Orleans, goes over the benefits of his company's security and sun control products. Other displays featured awnings, skylights and storm window systems.

ers become more aware of the field, Window Energy Show sponsors expect increasing interest in the show and the industry. Paul Bass of Reel Shutters (see photo above) maintains that the market is now about 70 percent retrofit. But there is a movement underway, he says, to educate the design and building fields as to the advantages of including such window systems in their designs, taking into account their performance when calculations for heating, air conditioning and electrical loads are made.

How long will it take for these products to really make headway in the market? "It depends upon how quickly energy costs accelerate," says Bass, "for as they do, the search for energy-saving products will accelerate proportionally."

Adds George S. Karp, branch manager of the Los Angeles office of Somfy Systems, which manufactures auto-

mative devices: "We're in the infancy of this industry, at the bottom of the marketing curve. We need another three to five years. But the response from architects and contractors has been amazing. Architects especially want to keep the huge amounts of glass—and they need these systems now." —J.A.W.

Mr. Karp's observation is confirmed by a recently published market study by Frost & Sullivan Inc., a business research firm in New York City. The 160-page report on low-cost, energy-saving products highlights window treatment products as a most effective and "intriguing" method of cutting down air infiltration and energy consumption. Concluded F&S: "All [these products] should do well; they need only to be solidly promoted." For a copy of the report, contact Customer Service, Frost & Sullivan Inc., 106 Fulton St., New York, N.Y., 10038—ED.



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“The advantages of Scheirich haven't stopped

with the construction end of things either. The Gardencourt cabinets have a vinyl covering that we've found really protects and maintains the cabinet finish long after the apartments have been rented, not to mention during construction.

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Congress asked to fund rehab test program

A new rehab demonstration program based on block grants to landlords in nearly 200 cities could wind up providing as much as \$300 million from the Department of Housing and Urban Development for the rehabilitation of sub-standard rental units beginning next year.

The program—began in September, 1981 and now being expanded under the direction of Stephen J. Bollinger, assistant secretary for community planning and development at the Department of Housing and Urban Development—provides an allotment of Sec. 8 subsidies to cities that agree to provide an average of \$3,850 per-unit from their existing community development block grant funds. They must require building owners to invest an equal amount.

Bollinger says, "This is potentially one of the best rehabilitation programs ever undertaken." The rehabbing, he says, may be "cosmetic, some of it structural," including such things as enough plumbing and electrical work to bring the unit up to local code standards.

Matching funds. All told, Bollinger estimated that some 10,000 units

will be benefitted under the demonstration program, with cities putting up a total \$38.5-million, and apartment owners at least a like amount. This demonstration is the model for a permanent program HUD has proposed to Congress, which is giving it favorable consideration.

HUD wants \$150 million in additional block grant money to be allocated to

'This is potentially one of the best rehabilitation programs ever undertaken.'

—Bollinger

cities and states in fiscal 1983. At an average grant of \$5,000, this would help rehab 30,000 units. Landlords would have to invest at least as much as the grant they receive. The net effect is to cut in half the monthly interest charge a landlord would have to pay if he borrowed the entire amount needed at a bank.

This program, if enacted, would be the Administration's replacement for

three rehab programs being phased out—two Sec. 8 programs, which financed the upgrading of about 35,000 units in fiscal 1981, and the Sec. 312 loan program which benefitted about 6,000 homeowners in fiscal 1981. Congress, however, is trying to enlarge the proposed program, despite the ever-present threat of a veto of programs that exceed Administration budget limits.

The Senate Banking Committee, for example, has approved an over-budget \$300 million—and would set aside \$30 million of this for extensive rehabilitation or new construction.

NAHB backing. The National Association of Home Builders favors the program, although NAHB officials consider it marginal when compared to the \$1-billion-a-year mortgage buy-down bill that Reagan vetoed.

Chances of getting this or other housing legislation to the White House during the hectic closing days of the session were considered difficult to predict. But if the program doesn't make it this year, the Administration would offer it again to a new Congress.

—DONALD LOOMIS

McGraw-Hill World News, Washington

Revised HUD program to aid rental buildings

Developers, apartment owners and mortgage bankers are flocking to a newly revised government program that offers FHA-insured long-term refinancing for hundreds of apartment buildings that can't be refinanced and refurbished otherwise.

The program—223(F)—originally was designed to fight abandonment in declining neighborhoods by offering apartment owners 100 percent insured loans to modernize and keep up run-down properties. But it was little used, in part because it took FHA offices months to process applications. Last year, only 14 projects were financed; mortgages averaged \$3.5 million.

In the revised program, mortgage terms can run up to 35 years; the amount is limited to \$43,768 per-unit in elevator buildings. But these maximums can be 90 percent higher "where the [FHA] commissioner determines it necessary on a project-by-project basis," the rules say.

HUD will insure 85 percent of the cost of a property which is being acquired by a new owner, and up to 70 percent of a lender's estimated value of a property being refinanced by its

present owners.

Shared risk. The radically changed program will allow lenders to process loan applications. But they are required to take part of the risk of loss by acting as co-insurers. These mortgages can be sold to Government National Mortgage Assn. (Ginnie Mae), a guaranteed secondary market.

HUD officials see the program helping the gentrification that is reviving many center-city neighborhoods—they expect it to be attractive to landlords and developers who have balloon mortgages coming due. Final regulations due out this fall will allow the expenditure of up to \$6,000 per-unit for upgrading, in addition to the cost of equipment and fixtures.

Many takers. Housing officials in New York City "are particularly excited about the program," according to HUD Assistant Secretary Philip Abrams.

Larry Dale, president of Mid-City Financial Corp., Bethesda, Md., predicts "there'll be a big volume of loans next year." Michael A. Smilov, executive vice president of MGIC, the private

mortgage insurer, says, there is "an enormous amount of property [that] needs to be refinanced."

HUD officials say some mortgage bankers have as many as 50 properties they are lining up for the program. As Janice T. Stango of the Mortgage Bankers Association's government agency relations department told a day-long seminar in Washington, investors can have the loan processing done by "their friendly—and hungry mortgage banker."

Liability limits. In case of a default, the lender is liable for the first five percent of the amount of principal still owed, and 15 percent of any additional losses. FHA covers 85 percent.

However, the final regulations will allow a lender to cut this risk in half by taking out private mortgage insurance.

Only one-fourth of a lender's loans under the program can be used to refinance a mortgage already in his portfolio. This provision is aimed at keeping the program from becoming "a dumping ground for low-quality loans in a lender's portfolio," HUD officials say.

—D.L.



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Industry-sponsored housing study planned

Major corporations with large stakes in the housing industry—suppliers of lumber, appliances, paint and mortgage credit, for example—are financing a new housing research project based on these convictions: Government and private housing forecasts that are based on past performance of the industry are no longer good enough; and once the economy recovers, the growing demand for housing no longer will be supplied primarily by the single-family home on a quarter-acre lot.

These assessments are behind a newly-launched industry-wide research project sparked by appliance marketing executives of General Electric. The project is aimed at getting a clearer look at both the future demand for housing and the kind of housing that will be in demand in the future.

Confusion. Recent forecasts have been “so varied and so erroneous that they have proven to be totally useless for informed strategic planning,” according to the study’s sponsors.

The research is to be done by the Joint Center for Urban Studies of Harvard and the Massachusetts Institute of Technology.

Already 15 corporations, trade associations and government agencies have agreed to contribute \$10,000 a year for what the sponsors plan to be a three-year, \$1.5 million study.

Among the 15, besides GE, are Boise-Cascade, U.S. Gypsum, PPG Industries, Kohler, Owens-Corning, Weyerhaeuser, Manville Corp., the National Association of Home Builders, the Federal National Mortgage Assn., the Federal Home Loan Mortgage Corp., and the Home Owners Warranty Corp. Proponents are seeking 35 more sponsors.

“There’s frustration with so much of the existing information” on housing demand, says Kevin E. Carey, manag-

er of marketing operations planning for GE’s major appliance division, who has been promoting the project.

Authoritative predictions of housing demand for the rest of the ‘80s range from 12 million to 20 million units, and “There’s never been a push to define the right numbers,” Carey says.

Researchers involved with the new project would examine the underlying assumptions of these demand estimates, and “put a flag” on those that are questionable, says Carey.

Hidden starts. Also, among other items, the project would firm up data on such key market factors as removals and conversions of space in single-family units into apartments—for

which good numbers are virtually nonexistent.

Another part of the study would attempt to answer the question: “What do consumers want in shelter?”

The post-war baby boom adults, says Carey, “are not as interested in buying houses as their predecessors.” Thus, he adds, the question for the housing industry is: Can we produce such a more attractive product that they will say “I want one of those”?

Carey says plans call for “the participants to meet every two or three months with the actual research people” to keep the researchers directed to producing “a pragmatic, actionable product.”

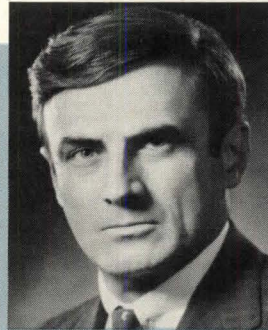
—DONALD LOOMIS

McGraw-Hill World News, Washington

Faces in the news



Thygeron



Bennett



Nelson

Kenneth J. Thygeron has been named president and CEO of the Federal Home Loan Mortgage Corp. At the time of his appointment, Thygeron was executive vice president of Western Federal Savings and Loan Assn. of Colorado.

The National Corporation for Housing Partnerships has named **Robert Bennett** executive vice president. He comes to NCHP from the Federal National Mortgage Assn. (Fannie Mae).

Carole Nelson, former marketing director for Cadillac-Fairview Homes West, has been named vice president/operations of Carole Eichen Interiors, a Santa Ana-based decorating and merchandising firm.

Pamela Beck Danner, a Washington lawyer, has been appointed director of the Office of Manufactured Housing and Construction Standards for HUD.

The U.S. League of Savings Associations has nominated **Leonard Shane** to serve a one-year term as chairman. Replacing Shane as vice chairman of the League will be **Paul W. Prior**, chairman and president of Henry County Savings and Loan Assn., New Castle, Ind.

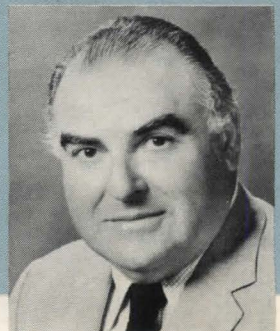
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shelf and towel bar and, a new low-profile drawer unit that makes a smart make-up desk. In addition, Merillat now offers three sizes of mirrored medicine cabinets including a tri-mirrored unit 30" and 36" wide. To complete the bath decor, a full line of contemporary and traditionally styled vanity light fixtures is now available.

Shown here is one of the new lines, Panama, which features a solid oak framed door in a medium wood tone, with a light natural cane insert hand wiped to match the rich oak frames.

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Congress gets bill to help first-time buyers

What might be termed the ghost of the ill-fated Lugar bill has surfaced in Congress—in the form of legislation introduced by Senator Charles McC. Mathias Jr. (R-Md.). The senator's Homebuyers Assistance Act calls for interest rates to be "bought down" by HUD through Ginnie Mae. The bill envisions rates as low as 7%, depending on individual circumstances, and the HUD secretary would determine what the rate reduction would be.

Under his bill, Mathias says, payments made by HUD to buy down the interest rate would "accumulate as a second lien against the property for up to 12 years or upon resale or refinancing—whichever comes first."

The second lien would be repaid by the homeowner in gradually increasing payments that would rise a minimum of five percent per year. Payments

would be adjusted annually with the monthly principal, interest and mortgage insurance at all times equal to at least a quarter of the homeowner's monthly income.

Zero-cost. Mathias pointed out that since the homebuyer ultimately repays reduced interest payments, "the ultimate cost to the government of this home financing proposal is zero."

Not everyone will benefit from the bill. As written, there is a maximum annual household income limit of \$30,000, but it could be higher—at HUD's discretion—where a high-cost market exists. Another provision dictates a minimum five percent downpayment, insuring that a buyer would have sufficient equity in the home. The bill covers all new and existing housing, including mobile homes.

No new bureaucracy. The propos-

al would be administered through HUD's existing Sec. 203, FHA-insured, 30-year mortgage program. HUD's secretary would be required to report annually to Congress on the number of households that had been assisted, their income ranges and the general impact that the program had had.

Mathias says the bill is structured so as to avoid setting up new mechanisms or government machinery. "I have left as much discretion as possible with the HUD secretary and FHA underwriters," he added.

"My bill is a minimal price to pay to open the door of the American home to so many families," the senator said. "This program promises immediate relief . . . for not only the homebuyer, but also for home sellers, builders, real estate brokers and mortgage finance institutions." —J.R.V.

Builder cooks up sales pitch



It started with a hands-on demonstration from the manufacturer, Caloric Corp., which set out to prove the value of its "ME" range to Arthur Stein, president of Stein-built Homes, Cherry Hill, N.J. Stein, who was about to build a 59-unit townhouse project, The Ridings, in Chesterbrook, Pa., near Philadelphia, planned to include a high-quality lifestyle amenity package that would appeal to relatively well-to-do, busy professional couples—a market that has neither the inclination nor the time to spend on cooking and cleaning. So the builder started visiting various manufacturers to research kitchen appliances that would lend themselves to this kind of busy lifestyle.

Stein's attention was captured by Caloric's demonstration of its top-of-the-line combination microwave/electric oven that is self-cleaning, space-saving—and has a special "browning" capability that most people prefer. Stein was so impressed he is installing them in all 59 units.

A top-of-the-line range also adds to Stein's "quality product" sales pitch. "The people we're attracting want the finest. And they'll settle for less space overall if everything that's included is top quality," he says.

Stein also realized that a demonstration like the one that convinced him might be a good merchandising tool, and in mid-July Caloric representatives conducted the first cooking demonstration for 35 to 40 of Stein's prospects, some of whom had already put down deposits (see photo above). The demonstration produced a full-course roast beef dinner in only minutes.

Once the prospects sign the contract at The Ridings, they'll get more than a new house; Caloric will return to offer a four-hour cooking class so the homebuyers can learn all the fine points of operating the "ME" range. And, notes Stein, the classes are also a terrific way to meet the new neighbors.

—J.A.W.

Programs *continued from page 20*

imum is only \$15,000. Last year, lenders made 284,000 loans totaling \$1.4 billion under the Title I program. Volume under the program is "down considerably" in 1982, according to Title I Director Jack Brady, but not because funds aren't available. Interest rates—borrowers paid 19% for these loans through most of this year—are what kept borrowers from taking advantage of the program.

Some state housing and mortgage-finance agencies also provide funds—below-market funds at that—for home improvement through the sale of tax-exempt bonds. For instance, the New Jersey mortgage finance agency offers 15-year loans of up to \$15,000 for improvements on one- to four-family homes. The rate on these loans varies—as does the availability of funds from the agency—but Melina Mann, an agency spokesperson, says the rate is "usually about 3% below market." Another program run by the agency—the Neighborhood Loan Program—offers fixed-rate loans of up to \$60,000 for more extensive rehab and remodeling work in homes in areas throughout the state targeted for redevelopment.

Mann warns that programs like these that are funded by tax-exempt bonds will expire in 1983 unless Congress passes legislation to extend states' authority to issue tax-free bonds for funding mortgages and home improvement loans. To find out what programs, if any, are available in your state, check with the local housing authority or mortgage finance agency. —WALTER L. UPDEGRAVE

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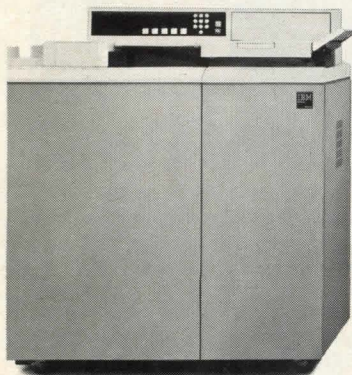
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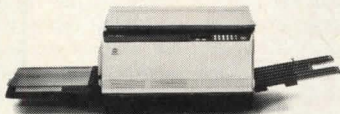
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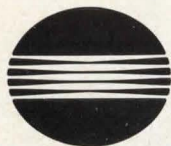
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What the Manville asbestos case portends

Recent action by the Manville Corp. in filing for reorganization under Chapter 11 of the bankruptcy laws is focusing attention on two bills before Congress that would compensate victims of asbestosis and other job-related diseases. However, most legislative aides involved agree that a substantive discussion of the issues will not occur until early next year.

If passed, such legislation could help answer claims by Manville and other asbestos producers that the government's failure to pay its "fair share" for its role in asbestos exposure is partly to blame for the financial strain on those companies. In addition, the companies argue, money is being poured down the drain in legal costs that could be used to compensate diseased workers directly.

Too many claims. Manville's move was made, according to the company, because it is "overwhelmed" by the thousands of lawsuits it faces from victims of asbestos-related diseases. But the filing came as a shock since the company—a major building products manufacturer—admitted that it was otherwise solvent and maintaining profitability despite the troubled construction picture.

Over 16,000 claims have been filed against Manville by former shipyard workers and others who charge in third-party liability actions that Manville-produced asbestos was responsible for various diseases such as asbestosis (a chronic lung disorder), lung cancer and other forms of cancer. Manville estimated that another 32,000 claims were likely to be filed against the firm.

With 1982 settlements averaging \$40,000 for legal costs and payments to claimants, the firm said, asbestos-related litigation could cost more than \$2 billion over 20 years. Manville claimed it would have to liquidate a large portion of its assets to set up a reserve fund to cover the contingent claims. Instead, it put itself in the hands of the bankruptcy court to set up some plan for covering the company's debts to banks, other usual financial creditors, and to the plaintiffs in the asbestos cases.

Queries expected. The action was a highly unusual and controversial use of federal bankruptcy laws. And, it is likely that congressional committees, as well as the courts, will review the legitimacy of Manville's insolvency claim. The move, coupled with last month's bankruptcy filing by UNR Industries of Chicago, another former

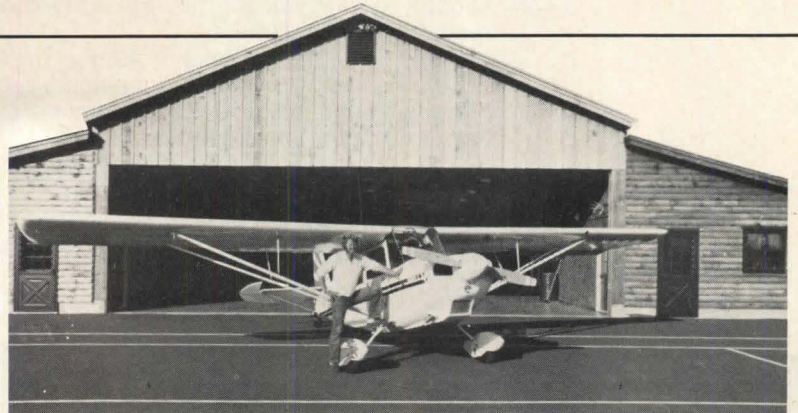
asbestos products company, is also generating new interest in a compensation system for asbestos victims.

The Dept. of Health and Human Services says that approximately nine million people in construction and other industries have been exposed to the

fiber. Included in that total are 4.5 million shipyard workers who worked in private shipyards under government contract or in government-owned or operated facilities during World War II.

—VICKY CAHAN

McGraw-Hill World News, Washington



New high-end project is no flight of fancy

What does a successful builder of log homes with a passion for flying dream of building some day? A project for high-flying executives and aviation enthusiasts; a community built along an airstrip with each home having an adjacent hangar and taxiway leading to a 2,200-ft. community airstrip.

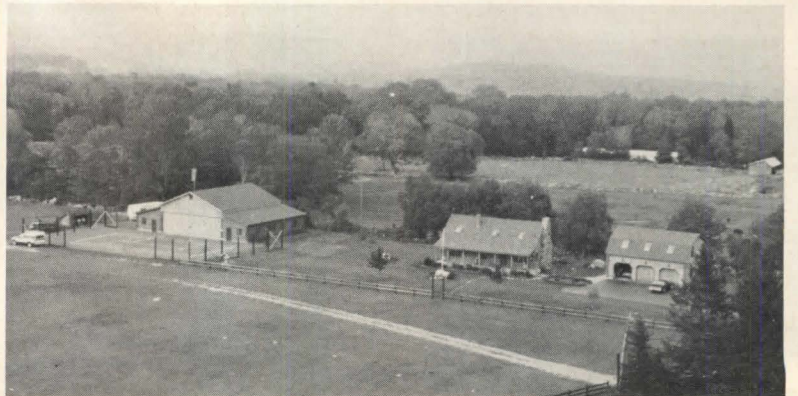
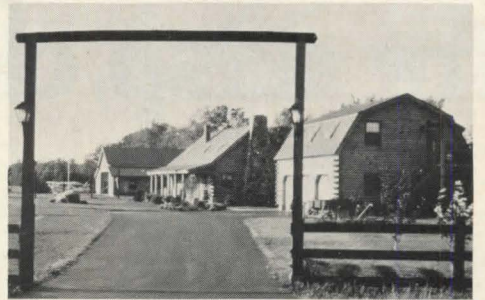
Case-in-point: builder Joe Somers, (shown above with his airplane) is the owner of Timberlog Homes and Somers Construction Co. His new home is the first in a development in Marlborough, Conn., called the Somerset Fly-In Community.

While not brand new, the concept of residential "fly-in" communities is growing—current reports show there are at least 40 such projects throughout the country, primarily in Florida and on the West Coast. Somerset is the first in the Northeast.

The site for Somerset—a former 200-acre farm—provides space for 16 homes. Plans call for converting a grass airstrip into a paved runway and taxiway, and installing pilot-activated runway lights. Skylights can be incorporated into each home to offer residents a view of the air traffic pattern.

If such a project sounds high-end, it is. Not only will homeowners be required to own a private plane, but they must also be willing to spend between \$200,000 to \$400,000 for a minimum of 2,400 sq. ft. of living area plus a hangar incorporating the architectural style of the house. Somers' log home, hangar, three-car garage and guest house (below) is valued at \$375,000.

—JULIA A. STEPHEN



CHANGING MARKETS

HOW TO POSITION YOURSELF FOR THE '80s

Builders won't be able to make money in the '80s the same way they did in the late '70s.

That's the message groups of consultants have been giving their builder clients in a series of informal seminars held in southern California over the past few months.

HOUSING attended one of these seminars and found that many of the ideas expressed were pertinent not only in California, but throughout the country. The

high points are given here and on the next six pages.

The speakers included economist Alfred Gobar of Brea, Calif., who is also responsible for the Housing Demand Index (*see p. 53*); market analyst Thomas G. Payne, president of Applied Research Services, Laguna Beach; architect Aram Bassenian AIA, of Aram Bassenian & Associates, Inc., Newport Beach; and interior designer Beverly Trupp, of Color Design Art, Pacific Palisades.

ECONOMIST ALFRED GOBAR:

WE'VE UNDERGONE 'BEHAVIOR MODIFICATION' ON A GRAND SCALE

Over the past few decades, our institutions, our politicians and our own desires to get something for nothing created a society that offered minimum reward for productivity on an after-tax basis and maximum reward for tax avoidance and for sharing the wealth other people created.

It also offered minimum rewards for saving—in fact, there were negative rewards for saving over the past seven or eight years—and no reward for deferring gratification. (If you bought that Mercedes right away, you were better off than if you waited, because the price of the car would go up more than you'd gain in interest.)

These things created a shortage of lendable funds.

Our financial institutions played a role, too, by creating numerous ways people could get by without liquidity: In fact, the whole point of corporate management from the time I started teaching 17 years ago was "don't be liquid, use the other guy's money." So what we've had in the last decade or so is a situation where the borrowers had the upper hand over the savers.

Then came the money market funds with their high yields, and at the same time there was a boost in home equity and a way to liquidate it. Savers who saved for a rainy day said, "Hey, I'm not going to save anymore because I've got all these bailout programs." And savers who saved to make money said, "That's really dumb. I invest my money at eight percent and then I get an

inflation rate of nine percent. I pay 50 percent taxes, so I'm losing four or five percentage points." The result was a dry-up in savings, pension funds and the like.

At the same time, we had what could be termed "behavior modification" in both the homebuyer and homebuilder communities—particularly in California.

Because of the environmental movement, it became hard to get buildable land about seven or eight years ago. At first builders moaned and groaned, but then they discovered that the shortage of buildable land made the price of housing go up. And when the prices rose, existing homeowners realized an illusion about home equity: They thought they were making money, and so they went out to buy another house so they could make even more money.

Thus, we had asset speculation in housing at a time when the building industry was finding it couldn't get large tracts of land to build entry-level housing. It could get expensive lots, however, and make a big profit on higher-priced housing. That meant its next problem was to find ways to induce the family that already had a house to buy a more expensive one.

As a result, the housing industry became very merchandising-oriented. We put more features into our homes to sell a lifestyle that the buyer might not be creative enough to imagine for himself.

This worked for a while. We'd build an expensive house, someone would move up and take it. And all through the system people would move up a notch. Then we'd let the entry-level guy in at the bottom.

Three or four years ago, however, that jump onto the bottom rung started getting too steep. And the system can't work if we can't put that bottom player on the ladder.

Another thing that distorted our housing market in the '70s was the large number of women coming into the labor force. Back in 1970, \$25,000 a year was a good income. Between 1969 and 1974 the number of families making over \$25,000 a year increased by 240 percent—all because of the second earner. And that fueled much of the run-up in housing prices, because the whole second income could go for housing if the lender was willing.

'Behavior modification' has been taking place in our financial dealings, too

I think the business community is learning to deal with periods of high interest rates. It's learning to take deals right to the edge of commitment and then, if the time isn't right, kind of incubate them for a while. Manufacturers who used to borrow to make payroll are now restructuring their businesses so that they won't have to borrow to make payroll when rates are high. Basically they've cut their payrolls down and collected their receivables—they're running a tighter ship.

So I don't think we're going to see loan demand driving interest rates up. The only exception is the federal government's demands, and I'm more optimistic than most people about the impact of the federal deficit. I can see interest rates see-sawing a lot: down to 12½, 12% or whatever the magic num-

Continued on page 38

ber is that makes many deals work, and then up to 16% or so. But the highs won't last too long because we won't have the "absolute must" borrowers we had two or three years ago.

I don't think the Fed has the option of bringing rates much lower than 12% or 13% because we've abused our system so regularly—particularly since 1946—for political reasons that we've now developed a bunch of super-sophisticates who react to increases in the money supply with: "Here it comes. We're going back into an inflationary mode and I'm not going to make any long-term commitments."

I can see real interest rates of, say, 6% or so, on top of a five or six percent inflation rate. And I can see the savers' representatives (essentially the lenders) not being willing to make long-term commitments because they've lived through '72 and '74 and the last few years too. They've seen their portfolio values wilt when interest rates rise.

The lenders will want to get high yields, but they won't want to tie up their money for 30 years if there's any risk of going through another episode of this type. My scenario is that we're going to have 12% or 13% interest rates and relatively short-maturity take-out financing—all due and payable in five or seven years.

One effect this will have is that homeowners, instead of taking second mortgages to buy a van or some other luxury, will save money. They'll think when it's time to roll over those short-term mortgages, they may have to pay them down a bit so they can continue to afford them even if interest rates are high. And so they'll start saving. That becomes a self-correcting process creating savings for future mortgages.

At the same time, there's potential demand for two million units a year

If we form families at about the rate that we have been, we ought to form about 1.7 million families a year. And assuming 300,000 to 400,000 units a year for replacement, there's a potential demand of two million housing units a year—a number we've been kicking around for 20 years.

Not only do we have the potential to form families at a fairly high rate, but also we have the potential for numerous earners per household. However, this proportion is increasing much more slowly than in the early '70s when so many women entered the working force, because we have two curves that are inconsistent with one another: the decreasing average house-

hold size, which accounts for part of that 1.7 million household formation, and the increasing number of employed persons per household. If you extrapolate those two curves, at some point they cross, because the minimum household size is one person and the maximum percentage of persons employed is 100% [see "Whatever happened to the Baby Boom?," HOUSING, March].

So we're not going to have the buoyancy that we had in the early '70s of a sudden inflow of additional workers in each household to give us a shot there. Nor do I expect the real income per household to go up as fast as in the past, although we're going to have more productivity because the workers are older and presumably more productive. But more of their income is going to have to go to housing if, in fact, the savers don't subsidize the homebuyer by accepting a lower rate of return.

If we're successful in getting out of our inflationary cycle, we're still going to have to supply housing for people. In many parts of the country housing would not be extraordinarily out of reach for most people if they were willing to allocate as large a percentage of their income to housing as people do in other parts of the world. But in most of California, it's tough for the person who doesn't already have equity. So when people come into this system—say they've just reached the age where they have become a household—there's no place for them to get in. The 1980 census data on the distribution of non-condominium home prices in Orange County shows that you have to go way up into the \$80,000 range before you find any amount of housing at all. There's just nothing down at the bottom. With a median household income in Orange County of \$22,180, the minimum house price is out of reach for first-time buyers.

This adds up to one thing: Builder's can't operate in the '80s the way they used to

In many parts of the country, builders have focused on the discretionary move-up buyer. The challenge has been to find ways to make him want to move up.

But these days no homeowner would give up an 8% loan and take a 13% mortgage all due and payable in seven years to get a greenhouse window. The value of his present house has inflated to the point where he could put greenhouse windows all around it for less than the commission he would have to pay to sell it.

In addition, he would have a hard time selling because the move-up buyer who was going to buy would also have a hard time selling his house—and these reduced probabilities would apply all the way down the line.

So builders are now going to have to focus on the "must" buyer and find a way to respond to his needs.

Whereas before, builders were trying to pull people into a new product, now they're going to have to figure out which product will be acceptable. And that means understanding the trade-offs people are willing to make.

When planning new projects, consider the 'insult coefficient'

Prospective buyers will compromise on many things: neighborhood, length of commute, density, product and price. But if you combine these compromises in an inappropriate mix, the buyer is insulted and looks elsewhere.

That's why we started telling our clients back in 1979 or 1980 to stop building \$300,000 houses in far-out locations.

There was no longer enough move-up pressure to get them off the market. And if you build far out, you're asking people to do two dumb things: spend too much money for housing and drive too far to work. You might find someone who's dumb enough to do one or the other, but not both.

On average, upper-income people don't commute very far; they don't have to. They can either move their work near to where they live or they can live close to where their work is.

Lower-income people don't commute very far either, because they don't have a career. If a commute is necessary, they say, "I'll get a job somewhere else. I'm not making any money anyway."

It's the middle-income people who say, "I want to live in a place that's better than I can afford." Pumping gas at night isn't classy, so instead of getting a second job the middle-income person drives himself back and forth to a place where he can get a house with all the features he wants at a price he can afford.

It's important for the builder to remember, however, that if he follows one parameter too far—density, commuting time, product compromises or whatever—he goes past the point where he gets additional benefits and gets a liability instead.

In sum, you can't go back to building houses for the upper-income buyer and let the filter process work because

Continued on page 40

GET YOUR HOUSES MOVING WITH FNMA'S BUYDOWN PLAN.

Sky-high interest rates have caused many builders to turn to buydowns as a way to move inventory. Now Fannie Mae, the Federal National Mortgage Association, has a buydown plan that makes it easier than ever for buyers to qualify, while making more funds available for this form of financing.

THE SIMPLE ALTERNATIVE.

You know how temporary buydowns work. The builder provides money to the lender in a lump sum, which is used to lower the buyer's monthly payments in the early years of the loan. With Fannie Mae's buydown plan, buyers can qualify for financing on the basis of the lower early payments. That means more people will be able to afford your houses.

For example, with rates at 15-1/2%, it would take a family income of about \$38,000 to qualify for a mortgage on a \$67,000 house (with a 10% down payment). If the payments are bought down to 12-1/2% during the first years of the mortgage, however, a family with \$32,000 in income could qualify.

Fannie Mae will also purchase mortgages on which the interest rate is permanently bought down, either as an alternative to temporary buydowns or in conjunction with them.

GETTING THE MOST FOR THE MONEY.

A Fannie Mae buydown provides the extra leverage to help new home buyers into the market. It's more effective than lowering the selling price or increasing the down payment, because it channels the added cash directly to the early mortgage payments, the most frequent stumbling block to qualifying for a mortgage.

Fannie Mae is the largest single purchaser of home mortgages in the country. We buy mortgages from local lenders, replenishing their funds for new home loans. Because we are now purchasing mortgages with buydown arrangements, you will find it easier to locate lenders willing to work with you in designing buydown plans to qualify your buyers.

HOW BUILDERS BENEFIT.

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the pipeline is clogged due to high interest rates, short maturities and the diseconomies of selling older houses.

You should try to get down to the bottom, to build for that household that can't otherwise get into the system. There's plenty of demand for ownership but affordability is an obstacle. If we don't find a way to create entry-level housing in southern California, however, our economic growth will slow down enormously because we won't be able to staff job opportunities.

There are some strategic things you can do wrong if you start building for the "must" buyer. One is to ignore what your competition is doing. If everyone targets on the same household, we could do the same thing at the bottom of the price spectrum that we did at the top.

And another is to fail to understand the tradeoffs people will make. You'll get into trouble if you can't build something that represents some marginally real value in light of the various alternatives.

MARKET ANALYST THOMAS PAYNE:

THERE ARE A TREMENDOUS NUMBER OF NEW BUYERS OUT THERE

They've always been there. And we've failed to provide housing for them.

Most of our standing inventory is appropriate for only 10 percent of the market; 90 percent can't afford it. And so this inventory is going to be sitting there for a long time.

If I were a builder, I wouldn't be waiting around. I know there are some financial limitations on us, but anyone who wants to make profits must go out there and build something new. He can't sit around and wait for a resurgence of the old market, because it's gone, faded into antiquity.

Who are these new buyers? *Fifty percent of them are families with young children.* One reason so much attached product was built in recent years was to attract a new, adult-oriented market. We've produced some sophisticated designs for this market; in fact, some of them are very complicated, hard to understand. (For example, the garage is two sets of doors down on the left hand side and the front entry is behind that garden wall.) But families with children want a backyard where the children can be watched while they play. So most of the high-density prod-

uct that's on the market now is not for them.

Another important market segment: *out-of-state move-ups.* These are different from the move-up buyers California builders are used to; they can't afford California move-up prices because they come from parts of the country where housing is less expensive.

Say a person sells his house in Houston for \$80,000—you can get quite a lot of house for that price in that market—and he comes to Orange County with \$50,000. But in Orange County the average resale price is about \$200,000, so the buyer has a choice of either renting or moving out to Riverside County. But then he comes across one of William Lyons's tracts and finds he can get a house on a 5,000-sq.-ft. lot for \$140,000. He puts down his \$50,000, takes a \$90,000 loan and moves in.

You have a lot of people coming into this market who are not tied down by expensive resale houses they can't unload. During the peak employment period of 1978-79, Los Angeles added 200,000 jobs and Orange County added 75,000. In the last 12 months for which we have data, the increase for Los Angeles County alone was 26,000—a far cry from the boom years, but still substantial. Not all of these new jobs will be filled by people from out of state, but you can see that they can create a substantial demand for housing.

About 25 percent of today's prospective buyers are either *singles or young couples.* These may be first-time buyers or they may own a townhouse or an apartment and want to move up to a detached house.

Finally, there's the *mature adult move-down market.* For these people, buying a home is a preference move because they have to sell an existing house and can wait until the economy and the resale market improve.

Marketing strategy has to be built on price, product, place, promotion— and people

Price tells us that in urban California markets where prices are too high relative to incomes, 80 percent of the single-family demand is for housing priced under \$150,000, and probably 65 percent of that demand is for housing priced under \$125,000.

For attached housing, about 80 percent of the demand is for units priced under \$125,000 and 65 percent of that is for units costing less than \$100,000. People building in these price ranges

are selling houses today.

Place tells us that we're dealing with urban markets and that close-in locations have strong economic geography.

Products have to be affordable, but they also have to be designed for today's market (*see pages 42 and 43*).

Promotion has to be cost-effective, and you achieve cost-effectiveness through target marketing.

People are the groups discussed above. And it's the builder's job to listen to what these people are saying, to know who they are and how they have changed from buyers of the past.

What are today's prospective buyers saying?

First of all, they're saying: *"I'm more interested in price and monthly cost than in elaborate design."*

I think builders and architects have to go through behavior modification, too, or at least a change in perception, and realize that even though they're not the only ones sensitive to skylights, two-story volumes, all-wood exteriors and half-moon windows, the buyer who could afford those things is not out there buying houses anymore.

The second thing the buyer is saying is: *"I want a location that's convenient to work and to services."*

Maybe we wouldn't want to live there, but we can't make value judgments for others. If they feel that the price is right, people will accept a lower-quality neighborhood.

Over the years, Al Gobar has shown me that intense demand pressure will overcome some resistance to neighborhood quality. I'm not talking about beautiful neighborhoods with expensive houses; I'm talking about neighborhoods that are convenient to employment and—assuming there are no severe physical or socio-demographic problems that would make them unacceptable—where there's a lot of demand.

The third thing I think the buyer is saying is: *"We're willing to sacrifice recreation and other amenities."*

During the big-bang-for-the-buck era, the value-conscious buyer would drive out to a tract and he wouldn't even turn off his car engine. He'd just gather the brochures, go home and figure out value ratios to see where he could get the biggest value.

That buyer isn't there anymore. And today's buyer is not interested in price per square foot, but in cost per month—that includes homeowners' association fees, taxes, insurance and everything else. *Continued on page 42*

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The Third Stage

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What is truly extraordinary about this is that these new, little, inexpensive computers can do virtually everything those old giants could do—and in many ways more, since they're more flexible and can use preexisting programs for almost every function.

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ing on a salesman or a company representative to help you over the rough spots—could create a nightmare, disrupt your operation for months and cost you more money than a computer can save in years of operation.

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**ARCHITECT ARAM BASSENIAN:
THE KEY TO DESIGN TODAY
IS DISCIPLINE**

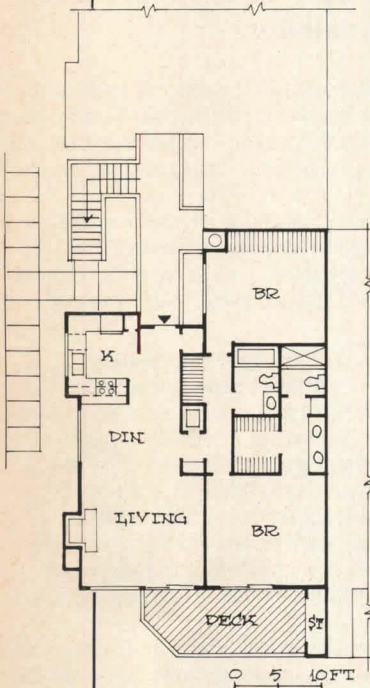
A builder has to be able to repeat a particular design a number of times and make money at it. And in today's world, he can't rely on escalating prices to make up for cost overruns.

So, it's the builder who must provide the discipline for the architect. The architect can't design in a vacuum. He

must know which market segments he's designing for and what these market segments want. It's up to the builder and his marketing people to provide this information.

I've designed some floor plans (shown below) based on assumptions that Tom Payne and I worked up.

Stacked flats for high-cost land

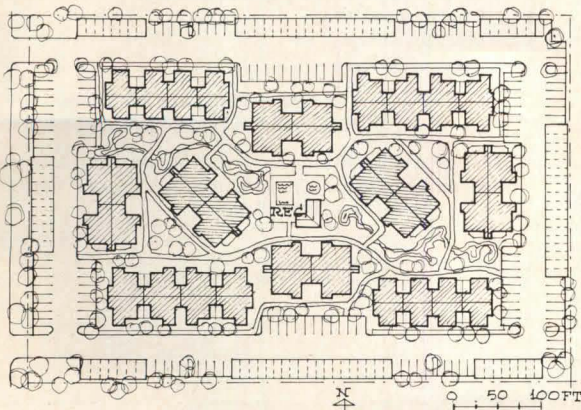


The 1,106-sq.-ft. plan shown at left is the largest in a series that also includes an 800-sq.-ft. and a 950-sq.-ft. plan. It's possible to achieve a density of 25 d.u./acre with these flats if they are combined into eight- and sixteen-unit buildings and parking is kept on the periphery of the site as shown below. At this density, buildings must be buffered by extensive landscaping and angled to provide separation of living areas.

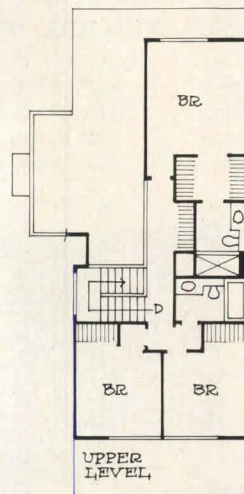
Projects of this density can be feasible for high-priced infill land, and they're likely to attract adult households of all ages, including retirees who prefer single-level living.

The plan shown would be appropriate for roommates or retirees, as it contains two master suites of roughly equal size. There is volume in the upper units and 9' plate heights throughout to create a feeling of spaciousness. Notice the placement of the heating unit and the linen closet: Narrowing the space at this point defines the dining area and also avoids the tunnel effect a long, straight wall would have created.

The private outdoor living area with storage space is important in a project of this density. Payne recommends that decks be at least six—preferably eight—feet wide to allow for furniture groupings



Mini-house for 35'-wide lot

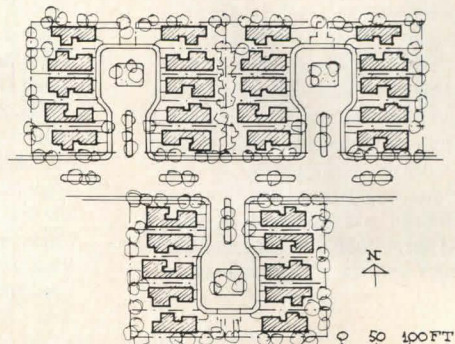
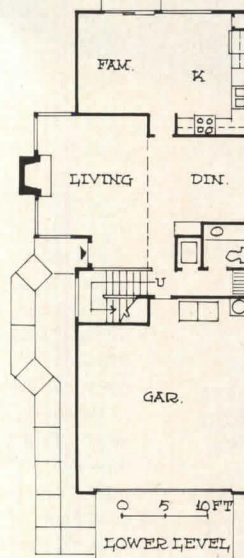


This 25'-wide plan can be plotted at anywhere from 8 to 11 d.u./acre which means that it is a single-family-detached house that can be built at townhouse density.

This offers several advantages: a large portion of the market prefers detached housing; there is no need for common areas and thus a savings in landscaping costs; if a homeowners' association is necessary, fees will be low; and, finally, the builder gains the advantage of being able to pace starts and change the mix or the floor plans according to sales.

The buyer profile for this 25'-wide series is also more diversified than for attached products. The series includes a single-story unit for empty nesters or young singles and couples and a number of two- and three-bedroom, two-story family plans. The 1,528-sq.-ft. plan shown at left includes a country kitchen that opens to the rear yard, formal living and dining areas and relatively simple bedrooms and bathrooms. There is some design impact, however, from the two-story living room and the open stairway.

The site plan below shows how units in this series can be sited in shallow cul-de-sacs to avoid long rows of garage doors.



What we've tried to do has been to:

- Emphasize reduced size and higher density in attached housing so that a greater proportion of that 80 percent of the market who want homes priced below \$150,000 will qualify.

- Provide attached products suitable for families with children.

- Provide moderately high-density attached products for adult households while avoiding the cost of underground parking structures.

- Design plans to appeal to the maximum number of market segments.

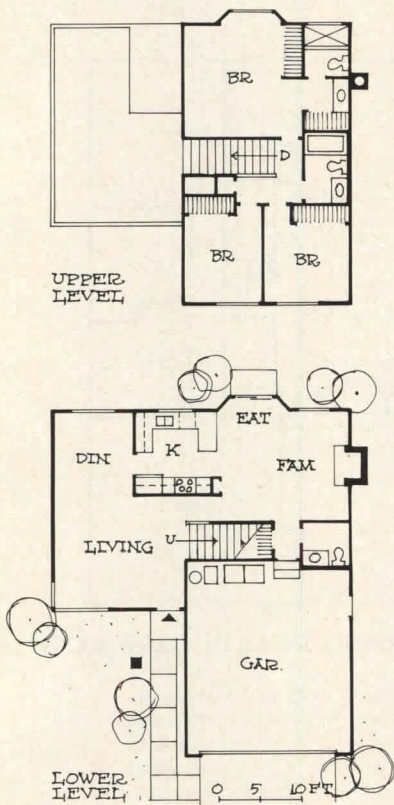
- Price each product line within reasonable ranges to avoid conflict in

terms of buyer appeal or problems with image.

- Simplify the designs to make them easy to understand by the buyer and cheaper to build.

- Minimize common areas, recreational amenities, etc., even in attached products, to reduce monthly costs.

Two family-type plans for narrow lots



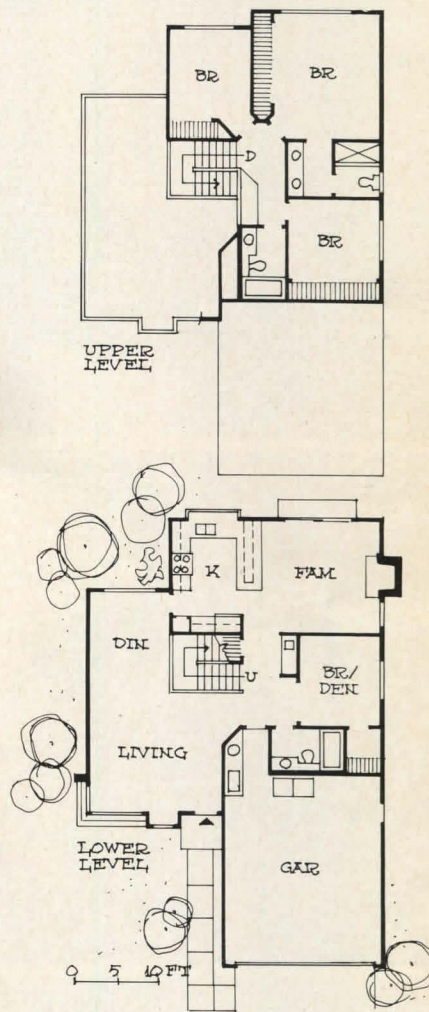
The plans shown at left and at right are each 35' wide, which means they could easily be built on a 45' x 100' lot. They were developed to replace zero-lot-line side-entry plans because they would cost \$5 or \$6 per-sq.-ft. less to build than typical side-entry plans, which often have jogs, atriums and other details that are expensive to frame. They are also more acceptable to conservative buyers than side-entry plans.

The model at left, with 1,372 sq. ft., has a simple footprint, a straightforward floor plan, and could even be sited as a zero-lot-line house because it lacks windows on one side. To give the plan some pizzazz, there is volume in the living and dining areas, the stairwell has been widened to 4', and left open for the first four risers. Bedrooms are small—the master is 11'6" x 13' and the secondaries are 9' x 10'—but still furnishable. And the kitchen is small but functional, with a pantry, ample cabinet space and a high-low oven-range. The kitchen/nook/family room arrangement, which is open to the rear yard, is ideal for families with young children.

The 1,700-sq.-ft. four-bedroom plan shown at right has three bedrooms upstairs and one down—a plan which is popular with a variety of buyers because of its versatility. As with the plan shown at left, it can be built at about 6.5 d.u./acre.

This plan, too, offers volume in living and dining areas. In addition, it gains some entry impact from the open stairway in the center. Architect Bassenian cautions that there must be a minimum of 10' between an entry door and stairway if space is not to feel too tight.

As in the three-bedroom model, the kitchen/family room area is ample for family living and the bedrooms are minimal.



**INTERIOR DESIGNER
BEVERLY TRUPP:
ASK PEOPLE LIKE ME
A LOT OF QUESTIONS**

You should challenge the people you work with, because we're all human and you may bring up a question we haven't even thought about. We all have to work with you as a team, not just please ourselves. We have to become an extension of you.

And with the cost of money today,

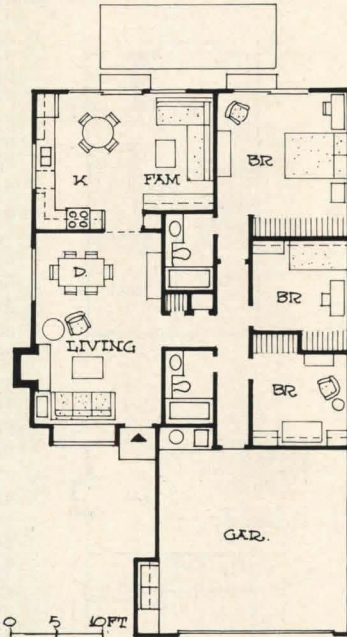
you have to be sure you're getting your money's worth. So ask your merchandiser: "What are you going to do with the models? How are you going to treat them?"

In today's market, we think in terms of larger and fewer items that make a

Continued on page 46



PHOTOS: LELAND LEE



Family living in 1,297 sq. ft.

This 35'-wide single-family detached plan is essentially a simple box. For a young family, however, it offers formal living and dining areas for adult entertaining, informal country kitchen for family living, and three bedrooms which are small, but nicely zoned for privacy.

Using photos of rooms she designed for similar markets, interior designer Beverly Trupp demonstrates how she would furnish this model.

Living and dining areas would be kept light, with deeper colors used as accents. The dining area wall treatment (*center photo*), with mirror, shelf and wine racks, could easily be copied by buyers. And the kitchen is cheerful and affordably furnished. The furniture layout above suggests a sectional sofa and built-in wall unit with space for television set in family area.

Living and dining area photos are from The Groves at the Highland Ranch, Denver. Developer: The Mission Viejo Co. Kitchen is from Preston Wood, Dallas. Developer: Talmadge Tinsley Co.

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WallaceMurray

statement about lifestyle: items such as a tapestry or a large graphic, for example, that can't be stolen.

We can't eliminate all of the small items, but we can choose ones that are sensitive to the marketplace and also inexpensive. You can't afford to spend lots of money on little items that can disappear. Instead, think of the things you can buy for a dollar or two: stationery, picture frames, books.

Accessories are the first things we talk about these days when we have less money. Using terra-cotta-color towels and black accents in a bathroom, for example, lets shoppers know right away that the unit belongs to a man.

Take the bedroom shown below. There are only two items on the wall, and both are inexpensive: a mirror and a little box of flowers. The patterned wallpaper is not too busy, but it's busy enough to make it unnecessary to fill the room with accessories. There's a ballet barre with a mirror that expands the space, a doll—which probably cost \$7.00—on the bed, and a few inexpensive items on the tables next to the bed. But you can tell right away that a young girl lives in this room, and the furnishings make you feel good, put a smile on your face.

Furniture scale becomes more critical as spaces get smaller

And there's no way for you to tell the furniture scale from furniture-plan layouts. Look at pictures of the furniture your interior designer chooses, and then ask: "How deep is the sofa?" "Will there be an arm at the end of the sofa?" "Why did you put so much furniture into this living room?"

Overscaled furniture is extremely popular these days, but it works only when you have large spaces. If your designer uses it in smaller rooms, your

models won't feel right. You may not even be able to put your finger on what's wrong, but a pro would walk in and say, "I know exactly what it is: You've got too much furniture in there, and the sofa's too deep." So ask questions right at the beginning, because you can't afford mistakes.

Color is the least expensive way to merchandise

We have to make people think, "I can afford to do this. I can paint that wall. I can buy fabric like that."

When you're dealing with affordable housing, pay attention to what's already popular. By the time something gets to the mass market, it's usually affordable.

Take pastels, for example. A few years ago, when a color like celadon hit the market, celadon-colored fabrics were priced to appeal to the status seekers who have to have something no one else has. Today you can buy celadon fabrics for about a quarter of what they used to cost.

Incidentally, when you're considering color choices, don't make decisions based on color boards alone. They're pretty to look at, but you have to know how each item is going to be used. So here's another place to ask questions: "Is the whole living room going to be papered with that wallpaper?" "Is that color going to cover a whole wall or be used as an accent?" You may love the patterns and color combinations or

you may find them overwhelming. It all depends on where and how they're used in your models.

Tune into the changes that affect your prospects

We like to create a family for each model and write a script from the marketing information the builder gives us. That way we can imagine a lifestyle.

These days, though we're talking about the main thrust being the starter market, we must merchandise to a broad range of prospects. We know, too, that lifestyle changes are taking place across the board. Physical fitness is a big part of everyone's life today, for example. And people are spending more time at home—on hobbies, relaxation, entertainment. All these things affect the way you market.

In addition, if you're building smaller units, you can't afford to show any room being used for just one function. You have to make people think: "Look what I can do in this space. I'll have all the space I need."



Bedroom from Kensington, in San Jose, Calif. Developer: Ponderosa Homes.

If you still have standing inventory, here are some ways to move it

Marketing analyst Tom Payne offers the following suggestions:

1. Reduce prices, and finance price cuts by eliminating expensive buydown programs. One builder who cut prices as much as \$15,000 to \$59,000 ended up making money because he also eliminated the buy-downs. Payne warns, however, that price cuts have to be both substantial and well-advertised to be effective. They appeal to the sophisticated buyer who feels he's getting equity that won't be taxed until he sells his home.
2. Overcome bad-lot problems with custom landscaping and window treat-

- ments. Example: Houses on a busy road or with a view of power lines got front- and rear-yard landscaping, including plants, patios and trellises, and in some cases also draperies, blinds and air conditioning. Salespeople showed prospects these homes first. They generally sold faster than non-landscaped units in better locations.
3. Offer a trade-in program.
4. Offer interior upgrades and a landscaping package. This works particularly well with buyers who are leaving a home with a full complement of amenities and who will be too strapped for cash to

- achieve the same comfort level in a new home.
5. Keep traffic away from standing inventory. Landscape any inventory units visible from models.
6. Require salespeople to interview walkaways and find out why they didn't buy.
7. Court local brokers. Give them a reason—such as a party—to visit your homes.
8. Upgrade your sales staff. Increase commissions if necessary to attract resale stars.
9. Pay closing costs.

RAY ELLISON BUILDS SUCCESS ON A VARIETY OF PRICE LEVELS. AND MAGIC CHEF.



One of Ellison's latest projects, the Woods End community in Northwest San Antonio, featured Magic Chef's 30-inch self-cleaning electric ranges with convenient lift-up cooktop, removable elements and bowls for easy cleaning, plus automatic timer. Our big 21-cubic-foot frost-free refrigerator with energy-efficient one piece ABS liner and forced-foam insulation, was optional.



WOODS END

Ray Ellison was named Builder of the Year in 1981 by Professional Builder magazine by meeting peoples' needs for well-built homes at a variety of price levels.

From \$40,000 homes. To homes worth over \$125,000. Ray Ellison has built a reputation for quality by

Each Ray Ellison home in Woods End also featured Magic Chef's Powerhouse dishwasher with six cycles and big 16-place-setting capacity.



MAGIC CHEF
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Jack Yancey
Magic Chef

Irv Gindy
Central Distributing Co.

building in quality, regardless of price.

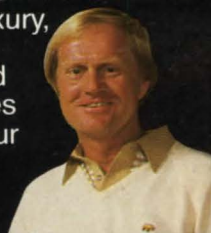
And when Ray Ellison needs to combine quality and reliability with a variety of features to satisfy a broad-range pricing strategy, he turns to Magic Chef.

When you build more than 2,000 homes a year, like Ray Ellison, you depend as much on your reputation as a builder, as you do the homes you build, to sell them.

Ray Ellison's success results from many factors, including his insistence on quality suppliers like Magic Chef, and long-time friend and Magic Chef distributor, Irv Gindy at Central Distributing.

Ray Ellison and Jack Nicklaus have a lot in common.

Jack Nicklaus is a developer too, of some of the finest golf course communities all around the country. And he knows "Whether your communities are built on value, luxury, or a combination of both, you need quality appliances that live up to your good name."



In Historic Smithville: It's full-steam ahead as mini-condos set new



"I hadn't seen anything like it in years, with people walking around waving checks."

An opening-day response like that would be good news for any developer. But the

immediate success of FoxChase condominiums (photo right), with 42 contracts its first two and a half weeks, was especially gratifying for Malcolm D. Gropper, the new president of The Historic Smithville Development Co. and force behind a new approach for New Jersey's largest PUD, Historic Smithville. For this project—whose mini-condos average 575 sq. ft. (see sample plan right) and \$40,000 in price—is the flagship of a marketing redirection that is designed to pick up Smithville's "swamped" sales record.

Background. For those unfamiliar with the genesis of Historic Smithville, here's a brief recap. Though a variety of models have been open since April 1981, rarely were sales as brisk as developers would have liked—despite a location that would seem to have everything going for it. The heavily wooded, 2,500-acre site—bought in 1979 by Canadian giant Cadillac-Fairview in a joint venture with Connecticut builder Hyman Goldfeld and Atlantic City attorney James Cooper—lies adjacent to the Brigantine National Wildlife Preserve. Atlantic City, the rising gambling capital of the East Coast, is 12 miles to the south, while New York City is two hours to the north. And—an important marketing point—the community already had an established town center, the historic town of Smithville, which has welcomed travellers to its inns since the year 1787.

The joint venturers' plan was to create a 6,850-unit community over the next 10 to 12 years. And to construct a range of products from large single-family to clustered townhouses, the developers rounded up six well-known builders in the area: Kaufman & Broad, The Ryland Group, Scarborough Corp., the Barnes Organization, The Gigliotti Corp. and Canetic.

The developers also lined up Goodkin Research of Ft. Lauderdale, Fla., which in 1979 formulated the first of several comprehensive consumer preference studies. According to Lewis M.

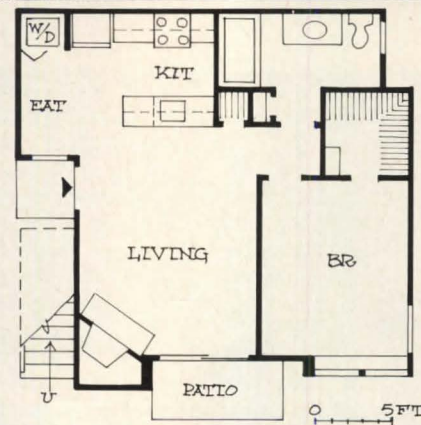
Goodkin, president, the "problem with Smithville"—a combination of the developers' misreading the Atlantic City casino market and the downswing in the economy—had just begun.

The misread market. "The market study we did on behalf of Cadillac-Fairview," says Goodkin, "was done after the property was acquired. So it was not an acquisitions analysis, but a

developers felt that if there was any risk to the community at all, it would come from the restrictions. "Regulations are always critical, but here the marketing turned out to be more critical. The potential we defined and the one the client perceived before we made our recommendations were very much apart; they were expecting a much higher-end community."



PHOTOS: ALFRED MOTTOLA



Compact layout shown at left is one of two 575 sq.-ft.-floor plans at FoxChase in Smithville, N.J. Developer Malcolm Gropper had been worried that the market might not accept such small units; but his decision to go ahead paid off with 57 deposits in two-and-a-half weeks.

A two-bedroom plan with under 700 square feet is now in the works. Scheduled opening for this project, called FoxChase II, is sometime this month.

marketing study to figure out 'now that we've bought this land, what do we do with it?'

The trouble was, he adds, that the developers concentrated too much on the regulatory process. Restrictions, particularly from the state Dept. of Environmental Protection, were so stiff that once approvals came through, the developers were not attentive enough to the market.

In fact, Goodkin believes that the

Goodkin says that the developers assumed that Historic Smithville would draw almost exclusively from the influx of new residents expected to flood Atlantic City. But he saw early on that this would not necessarily be the case. For by the time Smithville came on stream, most casino executives and many of their employees had already found housing in other southern New Jersey communities.

Furthermore, after extensive testing

course out of economic doldrums

of casino workers' lifestyles and amenity preferences, Goodkin suspected that the many economic studies already done on their income and "what they would be able to afford" were distorting the situation. Gropper concurs, adding that these people preferred to accept a smaller home in lieu of giving up fine clothes, expensive cars and a "lively lifestyle." Later marketing studies proved this to be correct. For, the primary market became young, married couples, usually childless, and usually equity-poor.

Marketing consultant William Becker, based in Teaneck, N.J., believes that advertising would have been better directed toward Cherry Hill and other southern New Jersey communities, since that's where the

Two builders pull back. Indeed, Canetic withdrew altogether after building one model—a very large, contemporary, single-family unit. Says Goodkin: "Canetic is a fine home-builder, but the product was higher than anything else out there—and too high for the community. It was not a reasonable product for the market, especially one in which there was substantial underbuying going on."

Chris Gigliotti, president of The Gigliotti Corp. in Langhorne, Pa., saw the writing on the wall before he put up a single model. "We were one of the first to be approached, before any of the approvals had been granted," he says. "By the time they came through, however, we were in the throes of a changing market. It was evident to us,

on downsizing to cut costs, by the time he got finished redesigning the product, he was adding \$4,000 to \$6,000 worth of gingerbread trim and California styling. The price of patio homes, for example, was becoming competitive with that of the much larger single-family houses. You would have had a small home—two bedrooms with a den—going for \$80,000."

Thus, this March, barely twelve months after the first models opened at Historic Smithville, former executive vice president Malcolm Gropper took over as president of The Historic Smithville Development Co. to put the community back on course.

Redirection begins. Gropper took his strategic cues from a "life of project" economic model he had had done before he took top office. To achieve a return on investment and a profit, he'd learned, the yearly sales velocity had to be in the 400 to 500 range. Thus, his most immediate task: Restore traffic and sales at Historic Smithville with a product that would be more in keeping with what market studies had called for in the first place. Hence the opening of FoxChase in June.

So essential, he felt, was the affordability factor, that The Historic Smithville Development Co. took on the job of building houses as well as being the developer, contracting Scarborough on a turnkey basis for FoxChase. "We felt it necessary to get a high degree of control over marketing for this one," Gropper says.

He also took over the community's elaborate, 8,000-sq.-ft. information center, and spent another \$450,000 turning it into a recreation center—abandoning earlier plans for a separate, multimillion-dollar facility that would require high association fees from residents. The revamped center has an outdoor pool, exercise machines and other equipment. "It was important that buyers and prospects no longer just be promised a rec facility, but be able to actually use it."

Down the road. Gropper's intention is to broaden the marketplace once again. "The overall objective is to provide a mass array—almost a 'supermarket' approach—of different housing types priced below \$70,000. The first step has already been taken with the opening of "The Timbers" in July (see photo this page). The long-term objective is to reach a sales veloc-

Continued on page 51



Curious prospects at grand opening of "The Timbers," Historic Smithville's latest offering, numbered about 250 over the July 24-25 weekend, says president Malcolm Gropper. "The Timbers," step two in Gropper's redirection plan, is a project of downsized, zero-lot-line homes ranging from 950 to 1,200 square feet, and priced from \$55,000 to \$60,000. Ten deposits were taken during opening weekend.

market would be moving from.

A 'Catch-22' situation. In the meantime, Cadillac-Fairview had already begun developing the land, planning for lakes, a golf course, an equestrian center—amenities that forced some of the participating builders at least \$10,000 above the market.

Thus, although Goodkin predicted an estimated 62 percent of the market was looking for housing in the \$70,000-and-under range, the model compound included many products priced above that figure. A look at the first year's sales shows where the market for Historic Smithville lies: 50 percent of the units sold for under \$60,000; 117 sales were Barness's condominiums, with average living areas of 850 to 900 sq. ft. Next came Scarborough townhouses (40 sales), with 1,200 to 1,400 sq. ft. Kaufman & Broad also did respectably, with 37 of its small single-family homes picked up.

The hard-hit were the builders of the large single-family homes—namely The Ryland Group and Canetic.

to Smithville and to the marketing consultants that our product would not achieve success at this time."

So, with all concerned in agreement, Gigliotti pulled back. "It would not have been to anyone's benefit to reduce the price of our product to the range of the other builders," he says. "We would only be dividing up the existing market, rather than achieving a broader one." Gigliotti maintains a contract with Smithville, and has the "privilege of coming back at any time in the future. It was just a business decision, a question of economic conditions, to wait for a better opportunity and a better market."

Reluctant to change. Despite an obvious need for a change of course, Robert Tatum, former president of The Historic Smithville Development Co., still favored the larger, single-family product. John R. White, manager of the Delaware Valley division for The Ryland Group, suggests that "Tatum was looking at it from a more aesthetic angle and was not very cost-conscious. While he did finally agree

School bells keep giving way to doorbells as

What started in the 1970s as a trickle—recycling unused schools into apartments [H&H, Nov., '74]—has become fairly routine in some areas. Now, developer John LaFata of Warren, Mich., is carrying the process a step further—buying up a 14.8-acre elementary school property and creating a valuable site for new housing from land that was entirely worthless when the school stood abandoned.

LaFata's plan is two-pronged: First, conversion of the old school into 30 condominium apartments; then, erection of 120 new two-bedroom units.

The bottom line. In a pro forma statement dated Nov. 25, 1980, LaFata lists total costs of \$1,322,775. Of that, \$500,000 was for acquisition, \$381,000 for renovating 30 classrooms into apartments, and the balance for upgrading other facilities in the school into amenities (a kitchen created from the old cafeteria, for example), construction of parking, exterior architectural modifications, etc.

At that point in his program, LaFata explains, the project is at a break-even point. The profit, he says, comes when the undeveloped land is improved. That land, he adds, carries a value of \$600,000 to \$700,000. He expects to spend about \$7.2 million to develop the land and build 120 attached condos—\$1.4 million on development and \$5.8 million on construction. The new units should sell for roughly \$70,000, yielding a \$10,000-per-unit profit. After taxes and other expenses, this would produce a profit of about \$600,000, LaFata says. Units in the rehabbed school building sold for \$40,000 to \$45,000.

Some problems. Many builders might shudder at the thought of zoning battles they would have to go through to put such a plan into action. But LaFata says his initial problem was a mistrustful community. "There was no possible way the property could be rezoned without the consent of the homeowners. . . . This was difficult initially, because we had to show them that our plans were honorable and that we were going to provide them with something better than what was there."

Their objection to the conversion? "It was the same objection, I believe, that almost every community has—at least that I've ever had anything to do with," LaFata says. It was, "The condominium dweller, or the multifamily dweller, is different from the person who lives in a single-family unit."

"They're looked at as transient type

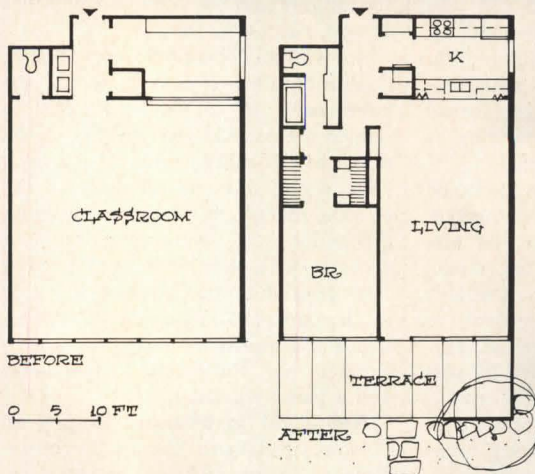
people, and therefore not of the substance of the people who live in single-family homes. It's more of a fear, and I can understand that fear with homeowners."

LaFata's approach was that of a patient teacher; he slowly tried to gain the homeowners' trust. On March 3, 1981, he held a meeting with the Hesse Homeowner's Assn.—residents in the neighborhood surrounding the school. He prepared a booklet entitled *Questions and Answers Regarding Con-*

•Because the facility is located in a residential neighborhood, we are concerned about the traffic around the building.

In his answers he addressed some of the fears about rootless transients; for example: "From experience in other developments . . . we find in . . . condominium development . . . the average age [of buyers] is 50 years old."

And to the common assumption that higher density housing will cause traffic congestion, LaFata responds: "We



Old school building

(above), rehabbed into 30 apartments, is nucleus of a middle-price-range condo project under construction on a 14.8-acre site in Warren, Mich. Typically, classrooms are easily convertible into living units—as the floor plan at left indicates. Site plan above shows how project will be completed, with parking for units in rehabbed school connected to that building; other parking is attached to new duplexes.

dominium Developments that in straightforward, reassuring detail, answered such questions and objections (which he supplied himself) as:

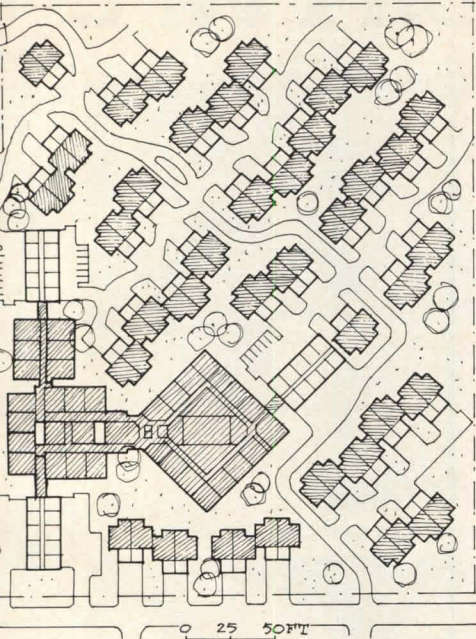
•Why was the school building chosen for condominium conversion?

•How many people will the facility accommodate?

feel our proposal will generate no more traffic than if [the school were demolished and] the land were developed as a single-family subdivision."

The booklet also establishes LaFata's credentials—that he has been in the Warren area for 25 years, and has built other condominiums.

developers recycle old schoolbuildings



Having answered objections of the neighbors LaFata used this argument to instruct the community at large: "You're taking a building that was something of a negative—that was costing the school system money because they had to mothball the school. They couldn't get rid of it. They had no tax revenues coming in. But revenues are going out [for maintenance] . . . expenses are being paid on that school just to keep it inventoried."

Seed money. Besides community uneasiness, there was another hurdle to overcome—financing. "It's a huge endeavor financially," he says. "I have to give an awful lot of credit to the entrepreneurs* because they've given us the latitude to proceed. And also the school district. You can't go to a lending institution and ask for development money because . . . they don't have the experience to deal with this type of renovation. They'll say, 'Let somebody else do it first, and if it works out, then we'll come help you out.'"

LaFata's plan—recently the subject of a nationally syndicated column—elicited calls "from all over the country," LaFata says. . . . "The nature of the calls was that 'we have a vacant elementary school, and could it be used for a similar purpose.'"

That amount of interest is not surprising in light of the number of schools that have been closed across the country: Ellen Bussard, a researcher at the Educational Facilities Laboratory in New York City, estimates that 7,000 school buildings have closed

because of declining enrollment. And Holly Fiala, who tracks the surplus school situation in the Midwest for the National Trust for Historic Preservation in its Chicago office, says: "I've heard estimates as high as 10,000."

Variety. Although schools can be adapted to many purposes, experts see an increasing number taking the housing course—especially those schools located in strictly residential neighborhoods. LaFata, who previously recycled classrooms into offices, sees former schools as an excellent source for low and moderate-priced housing, as well as being an excellent business for homebuilders to turn to.

Kirk Noyes, a Gloucester, Mass. developer specializing in school recyclings agrees, citing a number of reasons:

- Ideal location—usually in well-established neighborhoods.
- Sound building shell—because of continuous maintenance.
- Lower acquisition costs than for other types of buildings—because school boards and municipalities "are willing to forego a high price in order to get the development they want in a building."
- Easy convertability—because the classrooms "are usually ideally suited for individual apartments; they have very efficient floor plans. Also, they're generally easy to adapt to contemporary building codes."

Noyes, who served as executive

director of the Gloucester Development Team when that company won a Homes for Better Living Award of Merit for its Central Grammar School Apartments rehab job [HOUSING, June, '78], gives highest marks of all to the financial aspects of school recyclings, saying the most he ever paid for such a building is \$1.25 per sq. ft. "I've bought buildings for as low as \$10. We've never been over \$30 per sq. ft. for the fixup, and total development cost—everything included—has always been under \$35 per sq. ft." What's more, the tax laws make rehab of some schools even more attractive than before, he adds. (For an update on how the recently enacted tax bill affects rehabs, see page 17.)

LaFata's previous conversion is providing its investors with about \$200,000 a year in rents—a 15% return, the developer says, on an investment of about \$1.4 million.

He offers these rules of thumb for what makes a school a good candidate for graduation into housing:

- It should be in a prime residential area.
- It should be in good enough repair so that the required rehab doesn't put it "beyond the realm of possibility."
- You should be able to sit down with neighboring homeowners and "work the politics out of it."

—DAVID GARFINKEL

*LaFata's entrepreneurs are some 15 private investors. He is acting as joint-venture developer, syndicating profits.

Historic Smithville *continued from page 49*

ity of 400 to 600 units per year."

Builder Reaction. The independent builders have welcomed the new insistence on downsizing and affordability. The Ryland Group has already come out with a smaller, single-family product, lowering its starting price from \$74,000 to \$57,900. Says White of Ryland: "The new management has definitely been more cooperative with the builders. I think we're all heading in the right direction now, providing more of a basic shelter, but still upholding community standards."

A final question. Were Historic Smithville's problems caused by the initial misreading of the marketplace by the developer, or by the slide in the economy, which destabilized the barely rooted Atlantic City casino industry? The truth most likely lies somewhere in between. Both Goodkin and Gigliotti stress the difficulty of opening in a down market, with fewer people able to qualify for home owner-

ship. "From day one," says Goodkin, "the community was not in a good testing environment."

And as the weakening economy took the wind out of Smithville's sails, the community, Goodkin feels, was never properly exploited from its unique merchandising standpoint. "What they have here, with its 'home-town' feeling [and historic background], is what will really set Historic Smithville apart from the competition."

The future of the community will, of course, depend to a large degree on what happens to the economy. For now, Gropper can continue to make up lost ground. Concludes builder Gigliotti: "Gropper is simply doing for Historic Smithville what I am doing and every other builder is doing too: sharpening his pencil, making the houses smaller, cutting overhead—doing whatever he can to bring the price down so the people can afford it."

—JENNIFER A. WAGNER

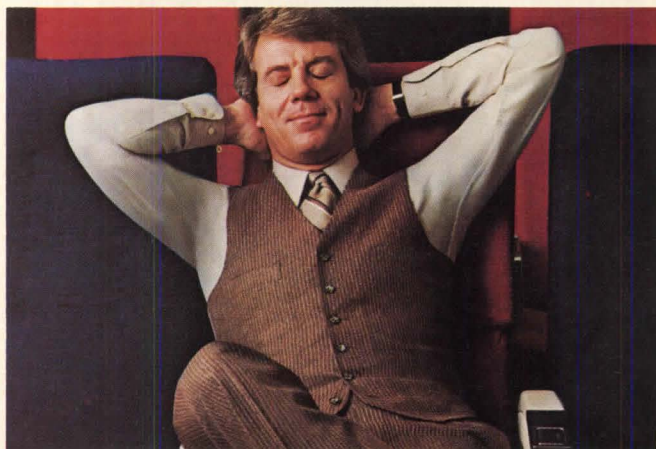
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A HOUSING MAGAZINE EXCLUSIVE

HOUSING DEMAND INDEX[®] Fourth Quarter, 1982



“No news is good news” is the aphorism that might be applied to this quarter’s housing demand index. For, once more, there’s been little change in the ratings of most of the 100 SMSAs (standard metropolitan statistical areas) charted—and, says Dr. Alfred Gobar, who prepares the index, a lack of movement characteristically precedes a recovery.

Furthermore, he’s already noted marginal improvements in many markets even though their poorer-than-average or very poor scores remain unchanged. Examples: Baltimore, Birmingham, Raleigh and St. Louis—the latter a market which “shows the first evidence of a positive demand for housing in over a year.”

Another reason Gobar feels cautiously optimistic: An improved psychological climate resulting from August’s interest-rate decline and consequent stock-market activity. Prospective buyers may feel a little more confident about the economy’s future.

None of this means that a boom is on the horizon. Markets will be “floundering up,” says Gobar, and there may very well be more see-sawing of inflation and interest rates, although he doesn’t expect either to “go crazy.”

What’s more, if you’re a builder in a northern industrial city—if such a breed still exists—you’ve still got big trouble. “Demand for housing in Detroit is lower than it has been in more than a decade,” says Gobar. Buffalo “just keeps on getting worse” and Lansing “shows an absolute lack of demand supported by economic growth.” Gobar can’t say when—or if—markets such as these will rebound.






On the other hand, there’s Texas. The Dallas-Ft. Worth market is going strong and Houston “shows a long-term pattern of stable growth.” Oklahoma City’s not doing badly, either: It’s one of the four SMSAs deserving a better-than-average rating. (The others: Dallas, Boston and Knoxville, which has been given a boost by the World’s Fair.) This quarter’s sole “very strong” goes to Huntsville, Ala., which could prove to be a flash in the pan—it’s a one-industry town and has had its ups and downs in the past.—B.B.G.

FOR MORE INFORMATION

If you’d like more information on a specific market, Dr. Gobar will send you a one-page computer printout covering that market and a brief interpretation. There will be no charge for this data. Write to Dr. Alfred Gobar, president, Alfred Gobar Associates, 207 S. Brea Blvd., Brea, Calif. 92621

How to read the index

Five symbols are used:

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

Each SMSA is evaluated three ways:

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

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

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

Albany—tagged “very poor” for three quarters—may have bottomed out. There’s not enough evidence of improvement to revise its rating, however.

Atlanta improves and should look even better in a few months—if, that is, new construction remains at its currently slow pace.

Bakersfield slides to a below-average rating. The reason: a recent decrease in petroleum-industry activity.

Boston’s still one of the better markets. Though Gobar noted some erosion last quarter [July], indices are headed up again.

Buffalo “just keeps on getting worse,” says Gobar.

Charleston shows a build-up in demand but it’s probably not enough to overcome consumer resistance to the relatively high price of new housing.

Cincinnati’s still deteriorating—but at a slower pace. Because of current economic trends, Gobar believes this city’s rating should begin to improve next time out.

Dallas has been getting stronger every day. Says Gobar: “The computer is fairly optimistic about Dallas.”

Davenport-Rock Island may not be as bad as the row of solid red triangles suggests. For the first time in over a year, there’s been an uptick in some of the leading indicators. But it may take some time to reduce an apparent surplus of housing in this market.

Dayton is stalled. Though housing prices are more in sync with consumers’ incomes than they have been, Gobar notes that there’s nothing happening here to support new family formations or in-migration. In fact, he says, the opposite is the case: People are leaving the city.

SMSA (Market Area)

SMSA (Market Area)	DEGREE OF OPPORTUNITY			DEMAND BY UNITS			DEMAND BY PURCHASING POWER		
	ALL HOUSING	FOR SALE	FOR RENT	ALL HOUSING	FOR SALE	FOR RENT	ALL HOUSING	FOR SALE	FOR RENT
ALBANY, NY	▼	▼	▼	▼	▼	▼	▼	▼	▼
ALBUQUERQUE, NM	▼	▼	▼	▼	▼	▼	▼	▼	▼
ALLENTOWN, PA	▼	▼	▼	▼	▼	▼	▼	▼	▼
ATLANTA, GA	○	○	○	○	○	○	△	△	▼
AUGUSTA, GA	▼	▼	▼	▼	▼	▼	▼	△	▼
AUSTIN, TX	▼	▼	▼	▼	▼	▼	▼	▼	▼
BAKERSFIELD, CA	▼	▼	▼	▼	▼	▼	▼	▼	▼
BALTIMORE, MD	▼	▼	▼	▼	▼	▼	▼	○	▼
BATON ROUGE, LA	▼	▼	▼	▼	▼	▼	▼	▼	▼
BIRMINGHAM, AL	▼	▼	▼	▼	▼	▼	○	△	▼
BOISE, ID	▼	▼	▼	▼	▼	▼	▼	▼	▼
BOSTON, MA	△	△	▼	△	△	△	○	○	▼
BUFFALO, NY	▼	▼	▼	▼	▼	▼	▼	▼	▼
CHARLESTON, SC	▼	▼	▼	○	○	○	▼	▼	▼
CHARLOTTE, NC	▼	▼	▼	▼	▼	▼	○	△	▼
CHATTANOOGA, TN	▼	▼	▼	▼	▼	▼	△	▲	▼
CHICAGO, IL	▼	▼	▼	▼	▼	▼	▼	▼	▼
CINCINNATI, OH	▼	▼	▼	▼	▼	▼	○	○	▼
CLEVELAND, OH	▼	▼	▼	▼	▼	▼	▼	▼	▼
COLORADO SPRINGS, CO	▼	▼	▼	▼	▼	▼	▼	△	▼
COLUMBIA, SC	▼	▼	▼	▼	▼	▼	▼	▼	▼
COLUMBUS, OH	▼	▼	▼	▼	▼	▼	▼	▼	▼
DALLAS-FORT WORTH, TX	△	▲	○	△	▲	○	△	△	▼
DAVENPORT-ROCK ISLAND, IA-IL	▼	▼	▼	▼	▼	▼	▼	▼	▼
DAYTON, OH	▼	▼	▼	▼	▼	▼	△	△	▼
DENVER, CO	○	○	○	▼	▼	▼	○	○	▼
DES MOINES, IA	▼	▼	▼	▼	▼	▼	○	○	▼
DETROIT, MI	▼	▼	▼	▼	▼	▼	▼	▼	▼
EL PASO, TX	▼	▼	▼	▼	▼	▼	○	○	▼
EUGENE-SPRINGFIELD, OR	▼	▼	▼	▼	▼	▼	▼	▼	▼

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

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

Greensboro looks a little worse than last quarter, but is basically stagnant. Unfortunately, says Gobar, it's stagnant at a fairly low level.

Houston drops slightly—a drop, however, which is “relatively insignificant in terms of the long-term pattern of stable growth in the Houston market.” Nevertheless, indicators are off by a greater amount than is usual for Houston—probably due to oil industry dislocations.

Huntsville is this quarter's “shining star.” All of the indicators are up and prices are moderating. If current trends keep up, the market could look even better. There is a caveat, however: Huntsville has been volatile in the past and a quick change for the worse isn't out of the question.

Jackson's demand indices haven't shown much life for three years, so there's been a sharp reduction in new construction. When economic growth resumes, developers with product on the market should do well. But there's no evidence yet that Jackson's heading back up.

Knoxville's broken out of a two-year-long stagnant period. The rating improves this quarter, and could be even better next time.

Lansing has plenty of affordable housing. Trouble is, there's an “absolute lack of demand.”

Los Angeles' “enormous” reservoir of demand can't make up for current high unemployment coupled with the astronomical price of housing. As soon as the economy perks up, housing within reach of first-time buyers should receive strong support.

Minneapolis-St. Paul isn't as bad off as some other cities—Flint, Detroit and Cleveland, for example. That's the good news. The bad news: Pent-up demand for housing, which has supported some sales, is being worked off.

SMSA (Market Area)

SMSA (Market Area)	DEGREE OF OPPORTUNITY			DEMAND BY UNITS			DEMAND BY PURCHASING POWER		
	ALL HOUSING	FOR SALE	FOR RENT	ALL HOUSING	FOR SALE	FOR RENT	ALL HOUSING	FOR SALE	FOR RENT
FLINT, MI	▼	▼	▼	▼	▼	▼	○	○	▼
FRESNO, CA	▼	▼	▼	▼	▼	▼	▼	▼	▼
GARY, IN	▼	▼	▼	▼	▼	▼	▼	▼	▼
GRAND RAPIDS, MI	▼	▼	▼	▼	▼	▼	○	○	▼
GREENSBORO, NC	▼	▼	▼	▼	▼	▼	○	△	▼
GREENVILLE, SC	▼	▼	▼	▼	▼	▼	○	○	▼
HARTFORD, CT	▼	▼	▼	▼	▼	▼	○	○	▼
HONOLULU, HI	▼	▼	▼	▼	▼	▼	○	○	▼
HOUSTON, TX	○	○	○	○	○	○	○	○	▼
HUNTSVILLE, AL	▲	▲	▲	▲	▲	▲	▲	▲	○
INDIANAPOLIS, IN	▼	▼	▼	▼	▼	▼	▼	▼	▼
JACKSON, MS	▼	▼	▼	▼	▼	▼	○	○	▼
JACKSONVILLE, FL	▼	▼	▼	▼	▼	▼	○	○	▼
KANSAS CITY, MO-KS	▼	▼	▼	▼	▼	▼	▼	▼	▼
KNOXVILLE, TN	△	△	△	△	△	△	▲	▲	○
LANSING, MI	▼	▼	▼	▼	▼	▼	○	○	▼
LAS VEGAS, NV	▼	▼	▼	▼	▼	▼	▲	▲	▼
LEXINGTON, KY	▼	▼	▼	▼	▼	▼	○	○	○
LITTLE ROCK, AR	▼	▼	▼	▼	▼	▼	▼	▼	▼
LOS ANGELES-LONG BEACH, CA	▼	▼	▼	▼	▼	▼	▼	▼	▼
LOUISVILLE, KY	▼	▼	▼	▼	▼	▼	▼	▼	▼
MADISON, WI	▼	▼	▼	▼	▼	▼	○	○	▼
MEMPHIS, TN	▼	▼	▼	▼	▼	▼	▼	▼	▼
MIAMI, FL	▼	▼	▼	▼	▼	▼	▼	▼	▼
MILWAUKEE, WI	▼	▼	▼	▼	▼	▼	▼	▼	▼
MINNEAPOLIS-ST. PAUL, MN	▼	▼	▼	▼	▼	▼	▼	▼	▼
MOBILE, AL	▼	▼	▼	▼	▼	▼	△	△	▼
NASHVILLE, TN	▼	▼	▼	▼	▼	▼	○	△	▼
NEW BRUNSWICK, NJ	▼	▼	▼	▼	▼	▼	△	△	▼
NEW HAVEN, CT	▼	▼	▼	▼	▼	▼	△	△	▼

Oklahoma City's indices have turned down, although not enough to affect its rating. The major problem in this market appears to be prices which are high relative to consumers' incomes. Furthermore, demand may be somewhat overestimated because a proportion of the employees in Oklahoma City's oil-industry firms are probably transient workers.

Pensacola's rating is unchanged, but the market offers fewer opportunities than last quarter: Demand hasn't fallen off, but supply has increased.

Raleigh looks a bit livelier, although its rating is unchanged.

Sacramento is an atypical state capital, says Gobar, for its economy has apparently succumbed to recession.

San Francisco started to decline again after nine months of fairly strong growth.

Seattle improves marginally. The city's economic slide "appears to be slowing," says Gobar.

Shreveport drops a couple of notches—probably because of slower growth in the petroleum industry. Another complicating factor: The price of housing in Shreveport is higher than it should be, says Gobar.

Tacoma's economy has shown a slight improvement—but one quarter's worth of upturn isn't enough to influence Tacoma's rating: This market's been mired in a very weak economy since April, 1979.

Tulsa's indices dropped for the first time since 1974. The dip justifies caution, says Gobar.

Washington, D.C.'s employment base continues to decrease—but at a slower rate than in the past. Another hopeful sign: Housing is significantly less expensive relative to consumer incomes than it has been.

Wichita's housing is generally priced within reach of consumers, but the number of prospective buyers is being reduced because of layoffs in aircraft production facilities here—layoffs that are extending into white-collar categories.

Wilmington's market seems to be improving faster than Gobar expected. The leading indicators "shot up by a significant margin" in the last quarter. Gobar can't promise that the upturn is sustainable, but if it is, the combination of characteristically moderately-priced housing and an improving economy should make Wilmington a much brighter market over the next nine months.

SMSA (Market Area)	DEGREE OF OPPORTUNITY			DEMAND BY UNITS			DEMAND BY PURCHASING POWER		
	ALL HOUSING	FOR SALE	FOR RENT	ALL HOUSING	FOR SALE	FOR RENT	ALL HOUSING	FOR SALE	FOR RENT
NEW ORLEANS, LA	▽	▽	▽	▽	▽	▽	△	△	▽
NEWARK, NJ	▽	▽	▽	▽	▽	▽	▽	▽	▽
NEWPORT NEWS, VA	▽	▽	▽	▽	▽	▽	▽	▽	▽
NORFOLK, VA	▽	▽	▽	▽	▽	▽	▽	▽	▽
OKLAHOMA CITY, OK	△	△	△	△	△	△	▽	▽	▽
OMAHA, NE	▽	▽	▽	▽	▽	▽	△	△	○
ORLANDO, FL	○	○	○	○	○	○	△	△	▽
PENSACOLA, FL	○	○	▽	○	▽	○	▽	○	▽
PEORIA, IL	▽	▽	▽	▽	▽	▽	▽	▽	▽
PHILADELPHIA, PA	▽	▽	▽	▽	▽	▽	▽	○	▽
PHOENIX, AZ	○	○	○	○	○	○	△	△	▽
PITTSBURGH, PA	▽	▽	▽	▽	▽	▽	▽	○	▽
PORTLAND, OR	▽	▽	▽	▽	▽	▽	▽	▽	▽
PROVIDENCE, RI	▽	▽	▽	▽	▽	▽	△	△	▽
RALEIGH, NC	▽	▽	▽	▽	▽	▽	○	△	▽
RICHMOND, VA	▽	▽	▽	▽	▽	▽	△	△	○
ROCHESTER, NY	▽	▽	▽	▽	▽	▽	▽	▽	▽
SACRAMENTO, CA	▽	▽	▽	▽	▽	▽	▽	▽	▽
ST. LOUIS, MO	▽	▽	▽	▽	▽	▽	○	○	▽
SALT LAKE CITY, UT	▽	▽	▽	▽	▽	▽	○	△	▽
SAN ANTONIO, TX	▽	▽	▽	▽	▽	▽	○	○	○
SAN DIEGO, CA	▽	▽	▽	▽	▽	▽	▽	▽	▽
SAN FRANCISCO-OAKLAND, CA	▽	▽	▽	▽	▽	▽	▽	▽	▽
SAN JOSE, CA	○	○	○	△	△	○	▽	▽	▽
SEATTLE, WA	▽	▽	▽	▽	▽	▽	○	○	▽
SHREVEPORT, LA	▽	▽	▽	▽	▽	▽	▽	▽	▽
SPOKANE, WA	▽	▽	▽	▽	▽	▽	▽	▽	▽
SPRINGFIELD-CHICOPEE, MA	▽	▽	▽	▽	▽	▽	△	△	▽
STOCKTON, CA	▽	▽	▽	▽	▽	▽	▽	▽	▽
SYRACUSE, NY	▽	▽	▽	▽	▽	▽	△	△	▽
TACOMA, WA	▽	▽	▽	▽	▽	▽	▽	▽	▽
TAMPA-ST. PETERSBURG, FL	○	○	○	○	○	○	△	△	▽
TOLEDO, OH	▽	▽	▽	▽	▽	▽	▽	▽	▽
TUCSON, AZ	○	○	○	○	○	○	▽	▽	▽
TULSA, OK	○	○	○	○	○	○	▽	▽	▽
WASHINGTON, DC	▽	▽	▽	▽	▽	▽	△	△	▽
WICHITA, KS	▽	▽	▽	▽	▽	▽	○	○	▽
WILMINGTON, DE	▽	▽	▽	▽	▽	▽	△	△	▽
WORCESTER, MA	▽	▽	▽	▽	▽	▽	○	△	▽
YOUNGSTOWN, OH	▽	▽	▽	▽	▽	▽	○	○	▽

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HOW PASSIVE SOLAR BUILDERS OUTSHINE THE COMPETITION.

Even during the slowdown, some builders' sales have speeded up. Especially builders with passive solar experience.

Their success stems from one simple fact: There's a growing market for homes that can cut heating costs substantially. And in well-designed passive solar homes, heating costs average 40 to 80 percent less than traditional homes.

The heat-collecting ability of passive solar homes is designed in. So there are no panels on the roof, no special mechanical equipment anywhere. In fact, passive solar design calls only for conventional materials.

Though initial costs are a few percent higher, builders report that buyers are more than willing to invest a little more to buy homes that will cost them a lot less to run.

In Kansas, for example, where natural gas costs have been rising 40 percent a year, Craig Eymann of Ambassador Homes reports record sales: "Every passive solar home we've built is sold. People really appreciate the savings on heating costs, along with the feeling they get when it's sunny but 20

“I converted to passive solar five years ago. And 1981 was my best year ever.”

**Craig Eymann, Ambassador Homes
Kansas City, KS**



“People are finding they get their return back fast for the dollars they spend on passive solar.”

**Elmer L. Fitzpatrick,
E.L.F. Investment, Inc., Salem, OR**



“In our market, a low energy use home is seen as a higher value, even as a bargain.”

**Wayne Nichols, Communico, Inc.
Santa Fe, NM**



degrees outside with snow on the ground and they're warm inside."

"Passive solar gives our company high visibility in our market, and this has meant more sales," says Wayne Nichols of Communico in Santa Fe, New Mexico. "People seek us out because we're building something new and exciting."

Of course, there's a lot to learn about passive solar before you start to build. And since glass plays a major role, PPG has prepared two free booklets that make an ideal starting place. *How to Build a Passive Solar House* gives you the basics, plus some case histories that can save you time and money. And *Living with the Sun*, a booklet designed primarily for consumers, can give you some valuable insights into what your customers will be looking for.

Both are filled with the kind of information that'll help you build a sunnier sales picture of your own. And both are yours for the asking from PPG.

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SHOWCASE

Sculpting Space:
Three approaches to
kitchen remodeling **60**

Creative ideas
for compact kitchens **70**

What you can learn
from a kitchen designer **75**

Idea Notebook:
Baths of a different color **80**

For details on this bathroom, see
page 69.



SCULPTING SPACE

3 APPROACHES TO KITCHEN REMODELING

Providing owners of older houses with new kitchen spaces that suit contemporary needs and lifestyles is as much an art as a technical skill. For that kind of “spatial sculpture”—rearranging and opening up compartmentalized layouts of older homes—requires an eye sensitive to design and a hand that can solve structural problems that crop up when walls and ceilings are opened up.

That’s the kind of remodeling that William B. Remick of Piedmont, Calif., specializes in. Each of nine Remick kitchen remodelings on the

1 Updating existing space to reflect current lifestyles

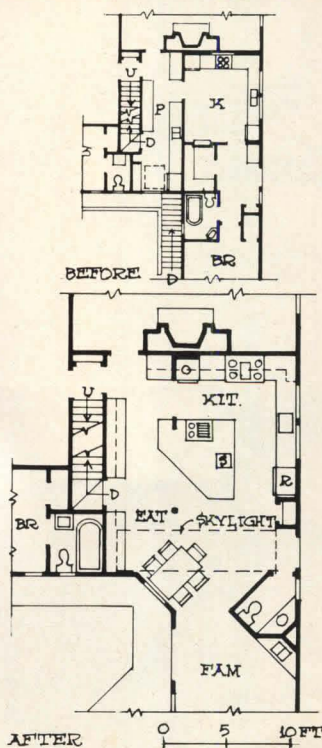
It’s as much a question of the way the new kitchen will live as the way it will look. Which is why, says builder/architect Remick, “Remodeling is often like a jigsaw puzzle—in 3-D.” And perhaps no more so than in the four kitchen updates shown here and on the next two pages. Such remodelings require more than mere cosmetic changes—upgraded appliances and decorative materials, for example. The mandate in this type of job is to work up a new kitchen concept within the existing space—without the luxury of being able to increase the square footage. Yet a glance at the four sets of before-and-after plans shows such substantial changes that it’s difficult to believe the kitchens haven’t been enlarged.

In all the Remick jobs shown on the next 10 pages, Remick’s clients were looking for similar changes: re-orientation of the work area toward the family or entertainment area; increased light levels, preferably bringing in natural light; increased functionality of work space; rerouting of traffic away from work area and easing of general circulation around the kitchen.

To solve the problems that come with so complete a layout change—and the structural changes that go along with it—Remick relies upon his permanent crews to work around unexpected problems that crop up after walls or ceilings are opened. For example, his crews are flexible enough to accommodate him when he comes up with an idea on the job—like the unusual treatment of the structural beam and column shown in the kitchen at right and in our cover photograph. “Our guys are used to doing that kind of ‘custom’ work; anyone else would tell us we were crazy,” Remick says.



RICHARD GORDON, FRIEWALD GORDON PHOTOGRAPHERS

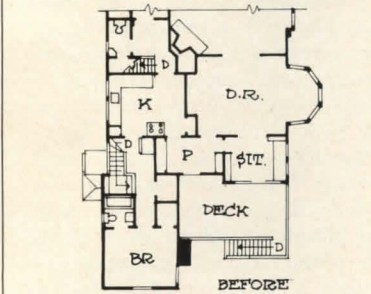


Spacious new kitchen was formed by merging former cooking area, pantry and hall space (*plan left*). With old maid’s room converted into family room, two separate, yet related zones are formed. To bring in light, a long skylight (*not visible in photo*) runs through the breakfast area.

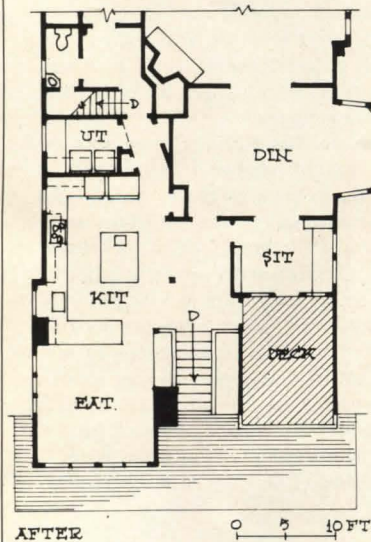
A huge, butcher-block-top island with auxiliary cooktop and sink reorients cook’s viewpoint, which in old plan was a neighbor’s wall. Now the cook, who uses the island for most food preparation, can see through family room to patio.

Load-bearing curved beam and column, once the pantry wall, visually divide space, channeling traffic headed to breakfast area away from work area. Note Remick’s use of angled walls in the reworked plan—one creates space for a table in breakfast area while another (one wall of powder room) helps open family room to kitchen.

next eight pages demonstrates his ability, as both an architect and a builder, to respond both to particular client needs and to the structure itself. Together, the projects illustrate three approaches to the kind of "spatial remodeling" Remick favors. You'll see kitchens that are reworked within the existing layout; those that are expanded by annexing newly enclosed areas; and those that are rebuilt as part of an extensive remodeling, and are thus relocated. Remick, who's an architect-turned-remodeler, also specializes in bathroom remodelings like those on the previous page and pages 68-69. —JENNIFER A. WAGNER



Expanded kitchen area required considerable modification of former plan—a series of small, compartment-like rooms including a tiny kitchen with no place to eat. The client wanted a lot more space, with a light, airy breakfast area. Easier access to the dining room and outdoors was also needed.



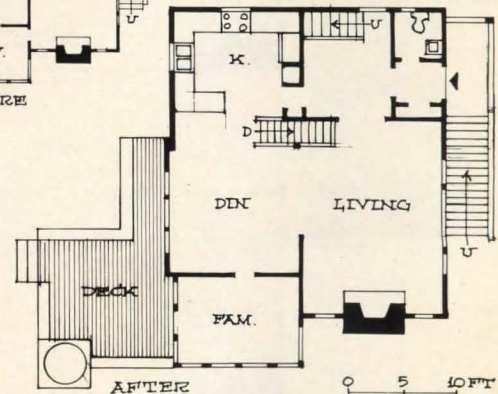
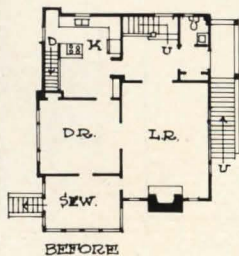
Revised plan shows far more useful, U-shape arrangement with island (along with counterspace between cooktop and ovens) providing the main working area. Clean-up chores were deliberately segregated, pushed toward the other end of the "U." The open area between island and sitting area (marked on plan by two structural columns) is not wasted; it is freestanding pantry space, with goods stored in cabinets.

Note angled hallway to the new laundry room, a design that provides room for two small, but badly needed, closets.



Rich wood and tile tones give character to a kitchen that was part of an extensive house remodeling. The client did not want an island, but did require good work space and a functional cooking center. The key is the simple U-shape arrangement shown.

The relocation of stairs leading to the basement took kitchen out of traffic pattern, opening it up to views of the back garden. Note the use of substantial materials: oak floors, wood windows, burgundy tile—and redwood cabinets job-built by Remick and his crews.

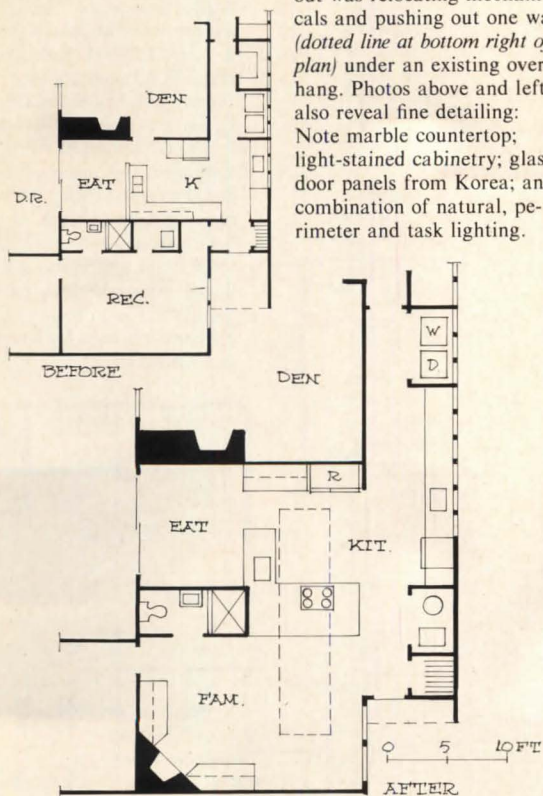




PHOTOS: RICHARD GORDON

Contemporary kitchen was originally dark and tight, a "buried space with a series of 2' x 2' windows over the sink." Remick installed a 3' x 18' skylight (see plan and photos), that visually integrated new kitchen/family area and flooded it with natural light. Initially, Remick worried about sun control, but roof framing visible in photos formed a grid that, along with tinted glazing, "really broke up the sunlight."

Key to improving the layout was relocating mechanicals and pushing out one wall (dotted line at bottom right of plan) under an existing overhang. Photos above and left also reveal fine detailing: Note marble countertop; light-stained cabinetry; glass door panels from Korea; and combination of natural, perimeter and task lighting.



2 Molding new kitchen areas by annexing exterior space

Sometimes, as in the case of the next three kitchens, site and budget allow kitchens to be updated by borrowing space from outdoors—pushing a major wall or two out, for example. The kitchen on the facing page, for example, was doubled in size by "taking over" the former porch and laundry room (effectively the entry to the house in the "before" plan), and two corners of the three-car garage ("there's still plenty of room for the family sports cars," Remick says).

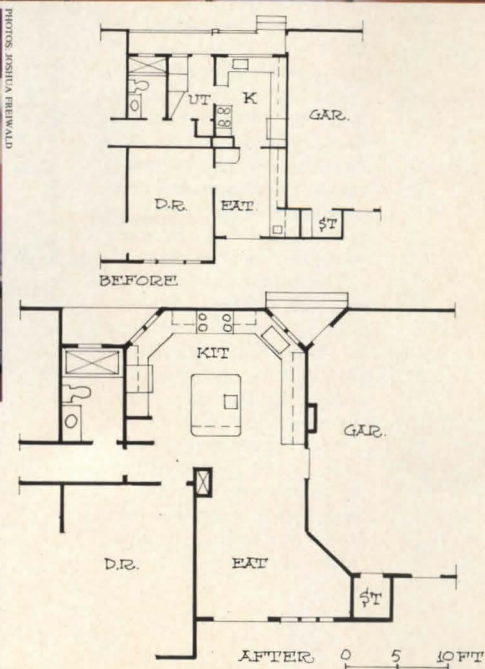
Here, too, as in the four previous projects, Remick had to devise ways to redirect traffic and rearrange circulation in the kitchen itself. He finds one of the most effective devices to be the use of islands or peninsulas (several examples are illustrated on facing page and page 65). Their addition establishes "sheltered" work spaces; traffic will flow around the island or peninsula—and out of the cook's way. The kitchen shown on the facing page is a good example; its "wraparound" counters form a U-shape circulation pattern around a large, multifunctional island.

Remick points out another advantage: If the island or peninsula includes an auxiliary sink or cooktop, kids or spouse can work alongside of the cook without everyone getting in each other's way. Islands with accommodations for seating also, says Remick, can act as informal entertainment areas. Furthermore, they provide a lot of bonus storage space.

Note that Remick tends to specify treated hardwood floors for kitchens such as these, which have become part of the entertainment area of the house. (The tiled floor in the kitchen on opposite page is the only exception among the remodelings shown.) Besides looking attractive, the continuation of material from living or dining room can help the flow of space, he says. Remick has heard of no maintenance problems associated with hardwood flooring in kitchens.



Extensive kitchen shown above required a lot of "structural gymnastics," says Remick. This included the consolidation of flues (*center of plan*) and ducting, and the installation of skylights into a raised ceiling. The loadbearing column at corner of island (*see photos above*) is a remnant of the former wall dividing breakfast and dining rooms.



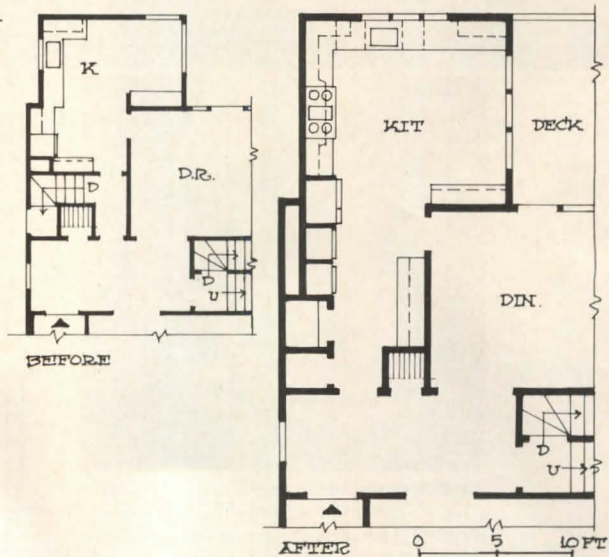


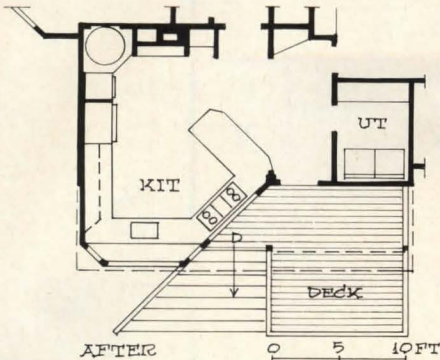
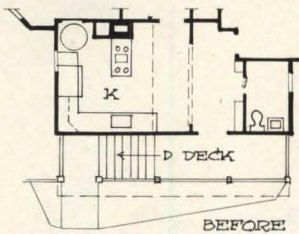
RICHARD GORDON

Once-tiny kitchen was expanded both in square footage and in volume. An extra 6' x 14' area was added by pushing out an exterior wall (*top of plan*), with gusset plates supporting the extension back from the existing foundation. This provided space for an informal eating area (*see photo above*). The elimination of a stairway gave the client's wife badly needed desk space between entry and kitchen.

The ceiling was formerly flat, with a gabled roof creating attic space above. Remick simply broke into that area, opening up the whole kitchen. He then added the curved window above the sink.

Note the unusual rift oak cabinetry. Remick says that the client's wife vetoed the idea of wood floors, but having been talked into it, she now "loves" them.





Tiled peninsula, projecting into large kitchen area, keeps six children (all athletes) out of the work area when they head for the refrigerator. It also provides a convenient serving station for the dining room and expanded deck (visible in left side of photo above). New window over cooktop opens up view to deck and existing pool (not shown on plan).

The white oak cabinets stretch a full 10' high. "The owners have a tremendous number of pots and pans," Remick explains. "Now there's more than enough space. Also, they liked the idea of the double-tiered look."

3 Mapping out a new plan when a home is revamped

The kitchens shown on these two pages might better be called "replacements," rather than "remodelings." For they are part of drastic, whole-house jobs, and thus have an entirely different relationship to the other areas of the home. Both have become more than informal entertainment areas, or one "focal point" of the house. In essence, they've become central cores, pivotal points for separating formal and informal entertainment wings.

These two jobs also are prime illustrations of what Remick calls his "master-planning." Often, after hearing what a client wants to do, Remick realizes that what's really desired is an entirely new layout. "When that happens, I suggest putting together a master plan now"—a scheme whereby both the immediate and long-range needs of the client are considered. And then if a client cannot afford to redo anything but the kitchen (not the case with these two homes) Remick hopes the client will return to him later on to complete another stage of the construction. Several of his current jobs have come via that route.

Another advantage: By involving clients intensely with the design process, Remick avoids future problems or disappointed customers by encouraging them to consider how they're living, and what sort of house they really want. Thus clients also develop a strong sense of identity with their house, says Remick.



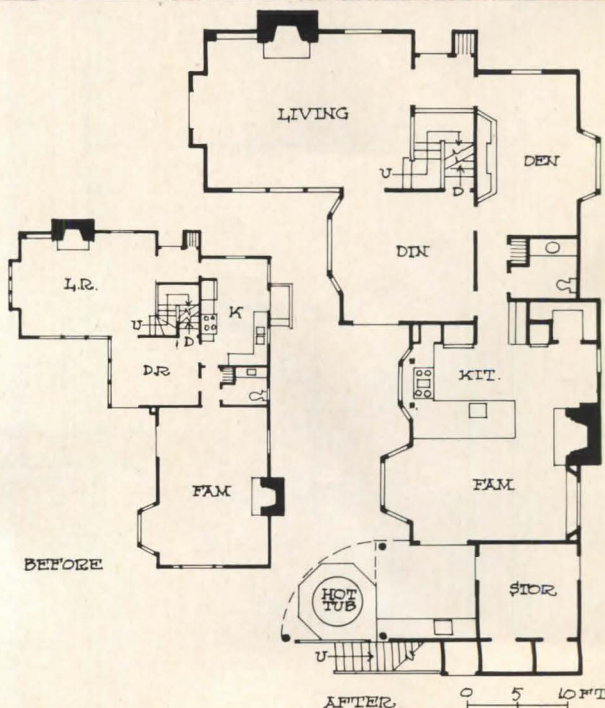
RICHARD GORDON

Country-style kitchen was relocated in new plan (right) so it would be easily accessible to both the formal wing—including expanded dining room, existing living room and new den (where old kitchen was)—and informal wing, including family room, hot tub and wetbar.

Bow window was installed over cooktop (see "after" plan) where the clients said they spend the most time when they are in the kitchen.

Note the segregation of work areas: Most food preparation takes place between microwave oven and cooktop, cleaning and serving near or on the peninsula.

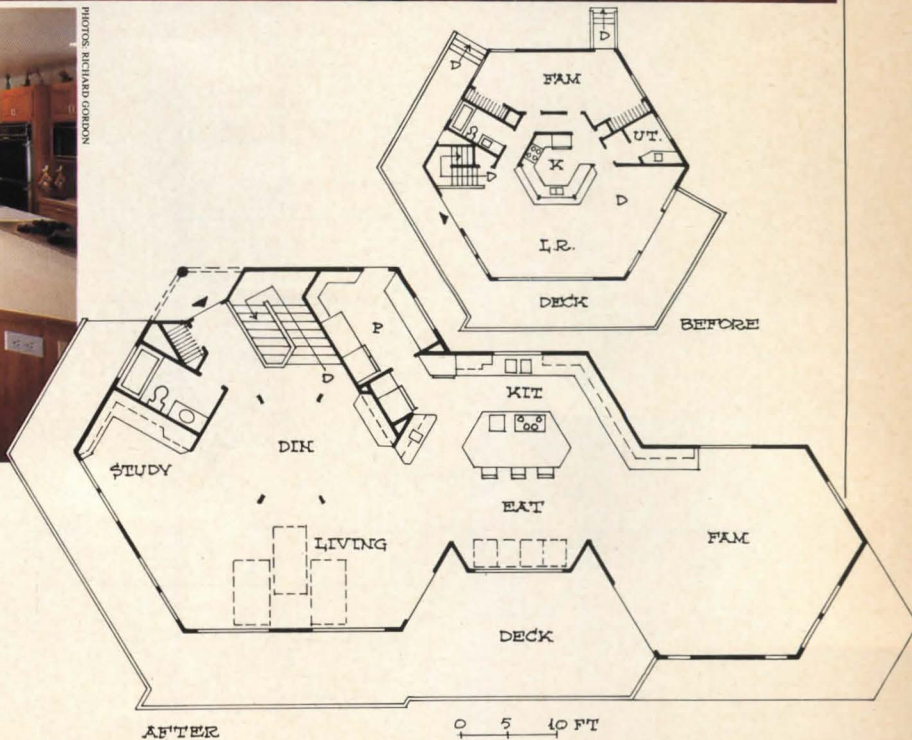
This kitchen features a lot of built-ins, including wall appliances, storage, pull-out work area, desk (see foreground of photo) and a TV hidden in the cabinets above the ovens shown on the right in photo.





PHOTOS: RICHARD GORDON

Hexagonal island echoes design of a house built in late '70s. Awkward "before" plan (above right) was almost too open, in contrast with the previous projects. An addition to one side of house (nearer of two posts seen in photo demarcates original exterior wall) doubles square footage and creates a centrally located kitchen that serves formal and informal eating areas and expanded deck. Tile was used to surface island's cooking area for a work surface that would not scratch or burn.



'Sandwiching' master baths into dead spaces

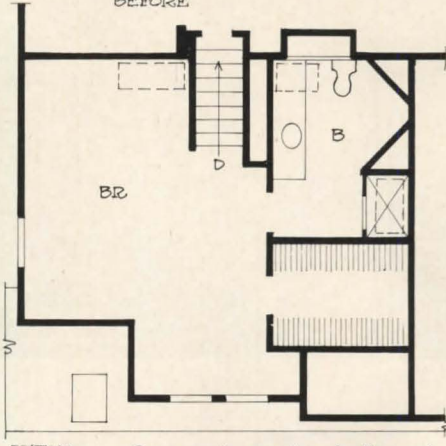
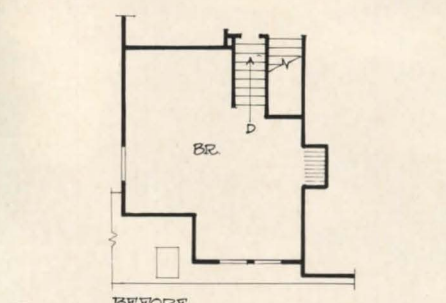
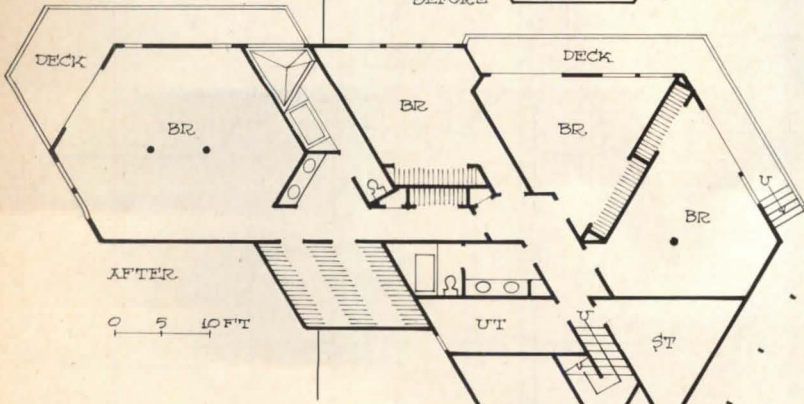
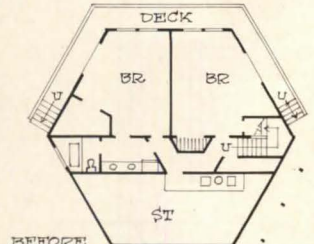
The three bathrooms shown here and on the next page are also built from Remick plans. The task in all three cases was to create a master bath that was comfortable—and fit it into a very limited space. The two baths on this page are in houses whose kitchens were shown on pages 64 and 67. Remick also designed the bathroom shown on page 59. For a look at more Remick baths as well as some useful remodeling tips, see HOUSING's May '81 Kitchen/Bath Showcase.

RICHARD GORDON



Bathroom-on-a-diagonal was created for the unusual hexagonal house whose kitchen is shown on previous page. The trapezoidal shower shown in photo above was designed to be a "transition between inside and out" says Remick, with its clear glass sliders opening onto the deck. Future plans call for a hot tub in that area.

The bathroom is part of a new private master suite; note how in old plan master and secondary bedrooms shared a single facility. The enormous storage area of the old plan becomes the laundry, guest/secondary bedroom bath and smaller storage room in the new layout.



Compact master bath and walk-in dressing area were created by tucking them into unused space on the upper floor. Before the construction of this private master suite, the parents shared a bathroom with the children on the main floor, which is a half-level below. (Space beneath the vanity makes headroom for the stairway.) Light and ventilation are provided through two skylights, one above the toilet, the other above the shower. Both are low-profile, and hidden from street view.



How an architect turned remodeler—and how he operates

When Bill Remick began his architectural career with Fisher-Friedman Associates of San Francisco ten years ago, he never expected to become a builder/remodeler as well. But during his years as a staff architect, Remick missed the one-on-one relationship with clients. "We were dealing with large developers who were not residents; we never had any post-occupancy feedback," Remick says.

After "moonlighting" a few single-family houses—and building one for himself—Remick formed his own company in Piedmont, Calif., in 1975. During the first year, business was half remodeling, half new construction; now, the business is 90 percent remodeling. Remick spends most of his time with his clients, talking through ideas, walking them through rough lighting layouts to get their approval, and responding to last-minute "can't we have one here, too?" suggestions. That approach attracts clients who might be "a little scared of working with an architect," Remick explains.

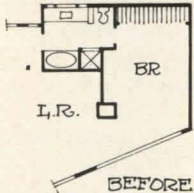
And though that's a fairly loose, personal approach, demanding a lot of flexibility on Remick's part, it is not symptomatic of the way he runs the financial side—because coming in on or below budget is a foundation of Remick's reputation.

One way Remick keeps costs under control is by estimating realistically at the beginning. "I tend to price conservatively—I don't give a 'low bid,' but an estimate based on time and materials, a sort of open-billing method." He also adds one percentage point to an estimate for every decade the house has been standing. "You can't predict the idiosyncrasies of the older house—and the logistics of working on it get more difficult the older it is."

Open billing also helps keep track of costs along the way. By the time his crews reach tile and trim work, he knows whether there is enough left to add fancy detailing. Furthermore, this method keeps clients aware of what they're spending, and discourages them from "going ape" with what looks like a large budget.

Control of scheduling and crews is also tight. Remick never starts a job, for example, without a full crew, avoiding the work-flow problems that result from trying to stretch one crew over two jobs simultaneously. His crews are also trained to do some of the plumbing, electrical and tile work; thus if they open a wall mid-job, and find frayed wiring or a cracked pipe, they don't have to wait around for a week until a sub comes in. And, adds Remick, the loyalty of a permanent crew and its familiarity with his method of working makes it easier for him to customize on the job.

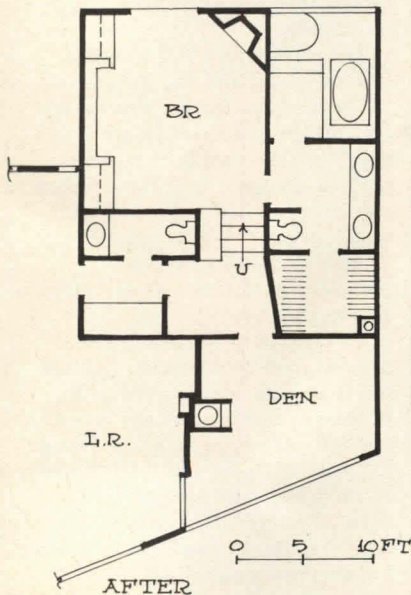
JEFF WEISSMAN



Wood-and-glass bathroom

is part of a master suite expansion/remodeling. Formerly an alcove off the living room, it lacked a door. Thus, the client wanted a very private master bathroom that would look out to a steep, heavily landscaped hill (visible in photo above) that slopes down from the road. The well-compartmentalized bath with large dressing room, lav area and step-up tub and shower, receives natural light from a skylight above the vanity (see photo); clerestory windows give the tub/shower compartment the benefit of that light. A second ventilating skylight is located above the water closet.

The several woods used to surface the bath include 1x6 T&G redwood on the walls, white pine on the ceiling and cherry cabinets. The red-orange tub highlights the rich wood tones.



RICHARD GORDON, FRIEWALD/GORDON PHOTOGRAPHIES



Compact tiled bath, designed by William B. Remick, was carved out of a large closet, about 20' long and 6' wide. The jog in the bath layout adds visual interest and provides a degree of compartmentalization; note how the diagonal twist in the plan is echoed by the way the tile is installed. For a look at more Remick projects, see pages 60 through 69.

CREATIVE IDEAS FOR COMPACT KITCHENS

They're from the files of Leslie Armstrong AIA, an architect who has often redesigned kitchens for space-shy New York City apartment dwellers. The challenges she's faced—such as fitting a kitchen into a 4'×7' former closet (*below*)—should be of interest to builders and designers of new housing as well as to other remodelers: These days, the housing space squeeze is on everywhere.



The 'world's smallest serious kitchen'

That's what Armstrong, tongue-in-cheek, calls this tiny—but complete—cooking center.

"The client was single," she says, "but had a large family that visited often. She wanted to be able to fix Thanksgiving dinner, etc." Now that's possible, even though the kitchen is a meager 4'×7'5". The space was once a closet and was a closet-like pullman kitchen when Armstrong first saw it.

To gain some space, the architect called for the removal of door and door jamb between the apartment's foyer and the closet kitchen. Once that was done, the kitchen counter could turn the corner into the foyer—creating a triangular counter which can be used for breakfasting, as suggested in the photo at left, or for work space, or for a hall table.

The design of the kitchen *per se* is uncomplicated: The space didn't permit any novelties. "We just put all the appliances in a row," says Armstrong.

The refrigerator is a compact 2'-wide model and the stove is only 20" wide—but the oven below is big enough to accommodate a turkey. A dishwasher is included in the line-up, too. "In a tiny kitchen, you have to fit in a dishwasher no matter what," Armstrong believes. "There just isn't space for piles of dirty dishes or racks of just-washed ones."

To provide as much storage as possible, cabinets were carried up to the 9'-high ceiling. And pegboard was installed along the wall opposite, providing hanging storage for pans, spatulas and other kitchen utensils (*photo far right*). "The client, a lawyer, is very fastidious," says Armstrong. "We sat down together and figured out exactly where each piece should be hung."

Pay attention to how storage is maximized—an Armstrong specialty. “As a child I spent summers on a 37’ yawl,” she says. “I learned then how you can make every space count.”

As on a yacht, most of the cabinetry in Armstrong-designed kitchens is carefully custom-made. “In some cases, the spaces are so tiny that there’s no way anything prefabricated fits in,”

she says. “You’d spend as much money struggling with prefab pieces as having the cabinets custom made.”

And there are esthetic considerations as well. “You can’t afford to make mistakes when there’s so little space,” Armstrong says. “If there’s any sloppy detailing, it shows up right away.”

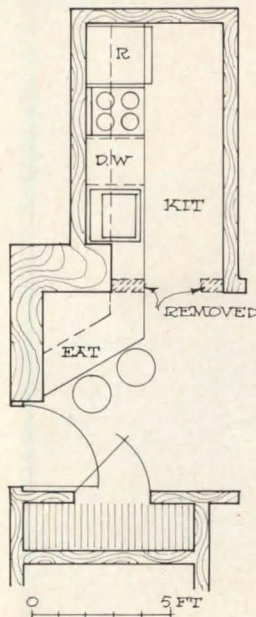
BARBARA BEHRENS GERS



PHOTOS: NORMAN MCCRATH

Color scheme was dictated by the kitchen’s size: White walls and cabinetry promote a feeling of openness; “playful” touches of yellow keep the kitchen from seeming aseptic. Flooring in kitchen and foyer is quarry tile, which matches the color of the living room rug, so the different areas of the small apartment flow into one another visually. The countertop color was chosen to echo that of the tile.

Open shelves help break up the line of the white-painted cabinets. There’s a wine rack where the kitchen turns the corner into the foyer and cookbook or knick-knack shelves over the stove (photo facing page).



Floor-to-ceiling pegboard

(above) provides much-needed storage space for kitchen utensils. Gas meter hanging from ceiling is a reminder of the room’s genesis as a closet—the client couldn’t afford to have it moved. Telephone is on wall where there’s a structural member that couldn’t be disturbed.

Lighting is always important in a small kitchen, but here it’s crucial since there’s no source of natural light at all. Surface-mounted downlights were installed on the ceiling and there’s under-cabinet lighting as well.

Former closet space (plan left)

is a simple rectangle which becomes visually more interesting—and much more efficient—by annexing part of foyer for a triangular counter extension. To do so, an existing door jamb was removed.

FOR DETAILS SEE
PRODUCT
INFORMATION INDEX

What a compact kitchen needs is storage in unexpected places

PHOTOS: LOUIS REENS



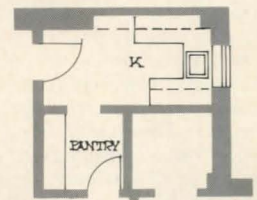
Vertical space can make a big difference

This L-shaped kitchen is narrow by anyone's standards—it's barely over 6' wide at the sink area. But the ceiling is 11' high. So Armstrong took advantage of the vertical space to pack in storage.

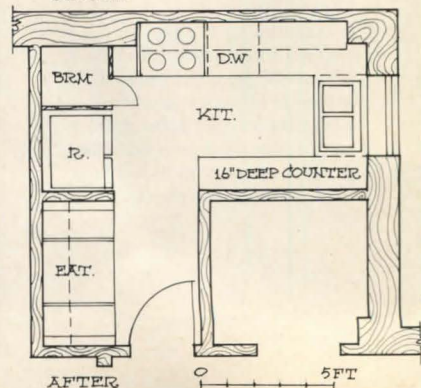
The ceiling was painted yellow, however, to "drop" it visually and that color is carried down the cabinets, ending with a "cornice" band in a darker shade.

The narrowness of the kitchen stymied Armstrong's attempts to fit in adequate food preparation space until, she says, "I figured out that all counters don't have to be 2' deep." On one side of the kitchen they're only 16" (see plan below). To compensate, she inserted over-counter open shelves (photo right). "They provide a spot for canisters, pepper mills—anything normally set at the back of counters."

The clients' desire for an eating area was satisfied with a 2'6" square table. When it's folded down there's room for an ironing board.



BEFORE



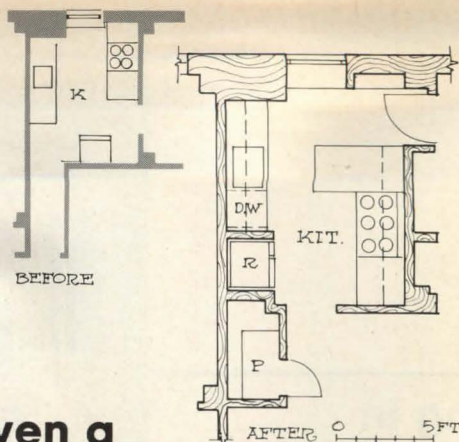
AFTER



Kitchen that turns a corner

occupies space that was originally the master bath and a closet in a large residence. That dwelling was subdivided into co-op apartments, however, and a tiny kitchen had already been "rammed into" the former bath (*before plan left*). To create an adequate cooking center, Armstrong annexed the closet and relocated the kitchen entry. Details worth noting: A new, narrower radiator was installed and hidden in a cabinet with a metal screen insert (*next to stove in photo above*); a broom closet makes use of corner next to refrigerator.

FOR DETAILS SEE
PRODUCT
INFORMATION INDEX



Even a tight kitchen can be compartmentalized

Case in point: the kitchen pictured below. Its dimensions are roughly 7' x 9', yet it includes both a well-equipped cooking center and a "staging area" for serving the adjoining dining room.

"The kitchen was a little wider than it had to be," says Armstrong. So she called for a counter at a right angle to the stove. "Clearances are tight, but this provides a place to unload dishes. And there's space in the cabinets underneath for storing linens, silver, etc."

The kitchen—in a vintage-1950s highrise—is no larger than it was before remodeling, but Armstrong had doors to dining room and foyer relocated to maximize usable wall space (*see before and after plans above*).



Space-sensitive design

includes towel bars in window niche for hanging clients' collection of copper pots. Another conservation measure: Armstrong convinced the clients that the wall ovens they wanted would eat up too much counter space. "I told them they were still young and could bend over," she says. Also note that, unlike what occurs in the preceding two kitchens, cabinetry stops short of the ceiling. Says Armstrong: "In this case, the above-cabinet storage makes the kitchen seem more spacious. It's as if we were saying 'Look, the ceiling is so high, there's space above the cabinets.'"

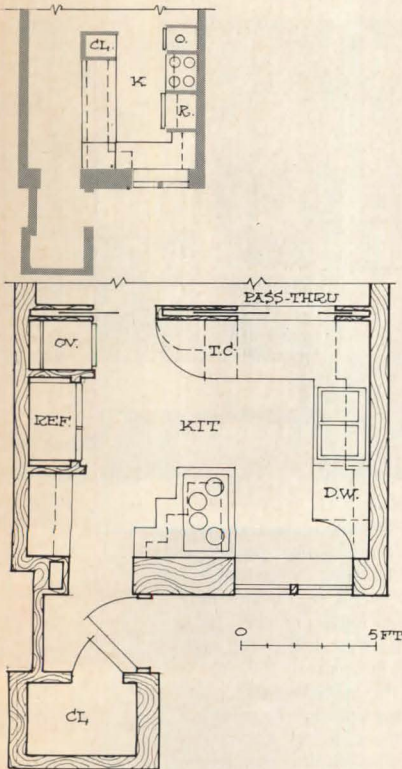
ESTO

Fitting in 'the works' takes innovation

"I was called after the clients fired their first architect," says Armstrong of this remodeling in a 12'-wide brownstone. "They'd already ordered everything you could put in the biggest kitchen—a trash compactor, double ovens, you name it. I found only one way to fit all those appliances in." The centerpiece of her solution: a custom zig-zag peninsula for the cooktop. Squaring off the peninsula would have caused traffic jams, for the door beside it leads to the street. That door formerly opened into a hallway, but the hall space had to be incorporated to fit the clients' new appliances.



PHOTOS: NORMAN MCGRAITH



Mirrored backsplash helps make kitchen shown above and at left seem larger and lighter. Rack above cooktop for hanging pots helps make up for storage space sacrificed for appliances. There's a pass-through with pocket doors (*photo above*) which can be opened to light windowless dining room. Cabinets below pass-through open on both sides so stored items can be removed by someone in dining room.



Traffic pattern in kitchen keeps most comings and goings out of cook's way (*plan far left*). Door next to peninsula leads to the street and used to be at the end of a hallway with a pass-through to the old kitchen—a pass-through which, says Armstrong, "really didn't help much." Hall space was annexed to enlarge kitchen: Easier unloading of groceries, etc., helps compensate for increased traffic.

FOR DETAILS SEE
PRODUCT
INFORMATION INDEX

WHAT A SMALL BUILDER CAN LEARN FROM A KITCHEN DESIGNER

OR, HOW TO PLAN KITCHENS THAT ARE MORE EFFICIENT AND APPEALING THAN THOSE BELOW

Large builders and developers have long known the wisdom of retaining a kitchen designer. These professionals are invaluable on major jobs because of their specific design and product knowledge of the most important room in any house. But smaller builders frequently shy away, thinking they can little afford any more overhead.

According to Ken Peterson CKD of West Hartford, Conn., that could be a penny-wise, pound-foolish decision. Peterson, who was president of the American Institute of Kitchen Designers (AIKD) in 1981 says, "I think small builders have been too cost conscious, too willing to sacrifice good design and efficiency. I don't think they understand all the things a capable kitchen designer can do for them."

Besides his design and product knowledge, the kitchen specialist knows what sells in the local market—information generated through extensive dealings with the public on the retail level. A successful kitchen designer also has a well merchandised showroom and capable sales staff—both of which are at the disposal of a builder's client. And, finally, a kitchen designer is usually up on current interior design trends that will be affecting buyers in the future.

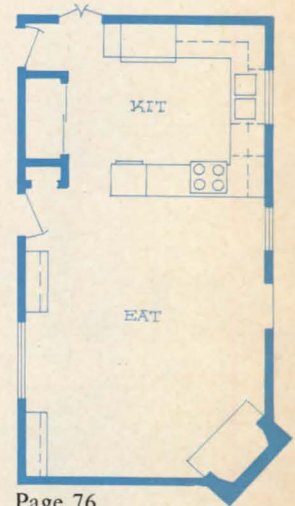
But what of the cost of putting such expertise to work? Peterson says that his design fee runs between 25 and 45 percent of the cabinet allowance. And for it, the builder will not only receive a better designed kitchen, but also a higher quality cabinet line because of the kitchen designer's product expertise. "The small builder should really look at the kitchen designer as a consultant, like his accountant—a specialist who can take a lot of the burden off his back and provide him with a better product in the process."

On the next four pages you'll find four examples of the way Peterson's know-how was put to work. The kitchen on page 76, for instance, illustrates what Peterson feels is the biggest single change in his business over the years: the desire to make the kitchen part of a larger room—a "great room." Peterson handled the entire rework—design, cabinet supply and installation. The result: a more cohesive room that required relatively few structural alterations. No walls or doors were moved; he simply revamped the layout and did some sensitive decorating.

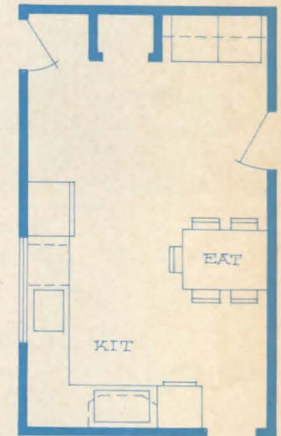
The kitchen on page 77 reveals a consumer preference that is on the rise: the desire to mix different cabinet lines so the room won't become "boring over time." For example, cabinetry is a mixture of hardwood and plastic laminate models, and doors are both glass and wood. And hardwood flooring is installed—a costly alternative to sheet goods, but a choice a growing number of people are willing to make.

Another major turnaround in buyer preferences shows up in the kitchen on page 78: use of lighter-colored, extremely functional cabinets that are easy to maintain, instead of the rich, dark-stained wood cabinets that were popular in the '50s, '60s and early '70s. Peterson points out an obvious reason for this switch: Lighter kitchens seem to offer airy, less-confining places to work—in this respect they are beginning to mimic trends seen in contemporary office design for some years.

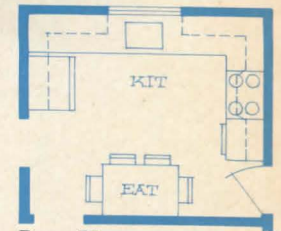
Finally, the kitchen on page 79 shows a kitchen designer at his most versatile. Because of budget constraints, Peterson had to retain most of the existing cabinets. At the same time he had to make sense out of a congested traffic flow resulting from four entries into the room. The finished blend of contemporary and traditional styles—and the greatly improved efficiency of the room—are especially instructive for remodelers who specialize in updating older houses. —STEVEN WILLSON



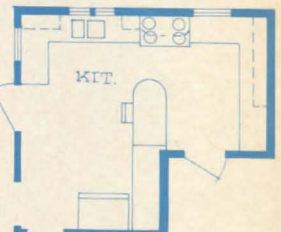
Page 76



Page 77



Page 78



Page 79

WHERE SPACE ALLOWS, MAKE THE KITCHEN PART OF A 'GREAT ROOM'

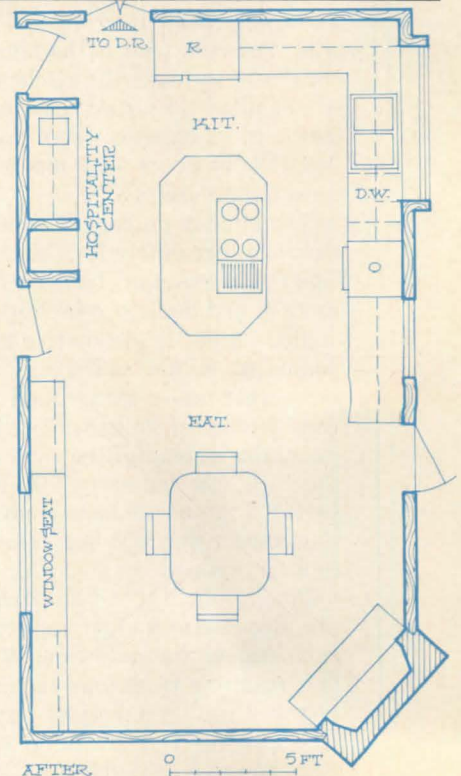
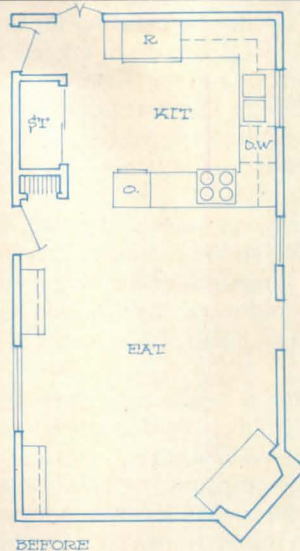


PHOTOS: BILL BYERS



Contemporary kitchen (left) picks up colonial styling of adjoining family room (above), making the two seem like one. New pegged oak flooring running through both rooms, pecan wall cabinets, colonial-style cabinetry hardware and pecan valance and trim over the desk contribute to the unified feeling. The base cabinets, island cabinets and counters are constructed of plastic laminate for ease of maintenance. Dishwasher and refrigerator doors were spray-painted to match the almond-color countertops, and light blue base cabinets respectively—a job that Peterson subs out to a professional who mixes a matching color then does the spraying on site. This eliminates the need to remove the appliance doors and transport them elsewhere. Spotlights over the sink and island plus fluorescents under the wall cabinets and behind the valance assure ample lighting.

U-shaped layout (shown in before plan at right) is typical of many '60s and '70s kitchens, says Peterson. He contends that most people no longer want this configuration because, "It tends to isolate the kitchen worker from the social activities going on in other parts of the room." By removing one leg of the U and replacing the island shown in the new plan, he made the kitchen part of the family room area. There's enough counter space wrapped around the cooktop to allow for buffet service when the hospitality center opposite the cooktop (rendering below) is in use.



Hospitality center (left) is faced with brick veneer of the same color and texture as the brick fireplace in the family room. The cabinetry treatment is the same as the rest of the kitchen except for brass mesh over glass panels in the wall cabinets. Allowance was made in the new cabinets for coats and footwear, since a coat closet was removed (before plan).

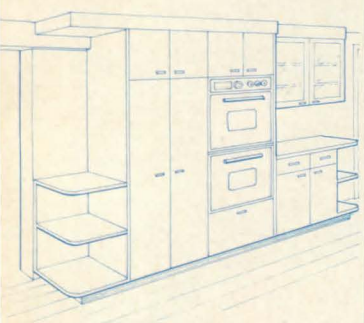
TRY A COMBINATION OF DIFFERENT TEXTURES, COLORS AND MATERIALS



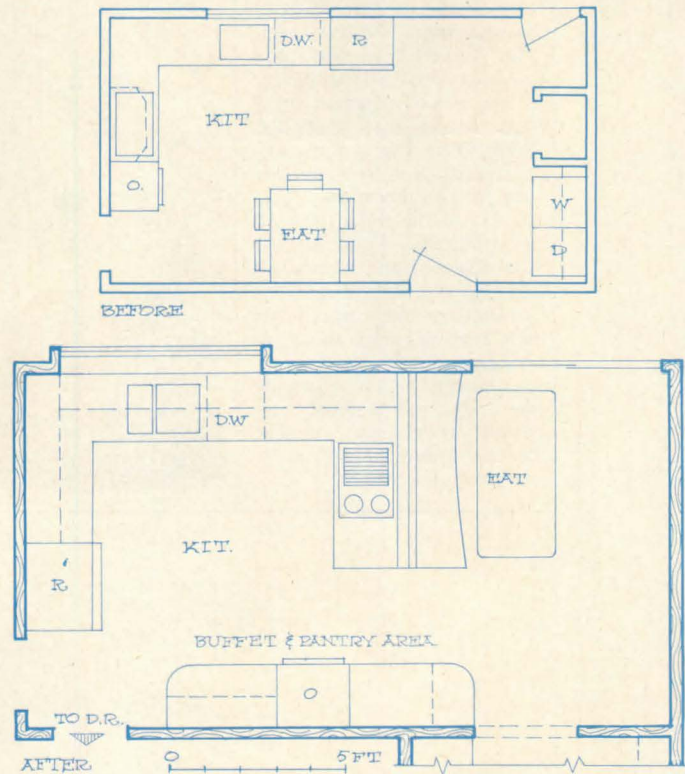
Multi-textured decor is the result of thoughtfully combining complementary treatments. Base cabinets are white textured steel with oak pulls; the dishwasher was spray-painted a matching color. Wall cabinets are faced with oak, as is the soffit above the sink. A small-appliance garage (below the wall cabinets next to the refrigerator in the top photo) consists of two sliding white laminate doors that match the oak-trimmed countertops and the full back-splashes that extend to the bottom of the wall cabinets. A solid oak banquette in the dining area, while separated from the kitchen, blends well with the cabinets and the strip oak flooring and helps unify the whole room. The sleek refrigerator is only 24" deep so it aligns with the base cabinets. Its doors are covered with oak to match the rest of the cabinetry; which further enhances the streamlined feel of the room.



PHOTOS: BILL BYERS



Buffet and pantry area (rendering above) picks up the multi-textured style of the rest of the kitchen work area. White base and wall cabinets dominate to keep this fairly enclosed space as light as possible. They are accented with a glass-panel oak wall cabinet, open oak shelves on both ends and a solid oak countertop. "We are seeing more interest in using a combination of different cabinet styles and countertops in the same kitchen," says Peterson. "It seems to be a question of boredom. Many people find a mix more pleasing over time."

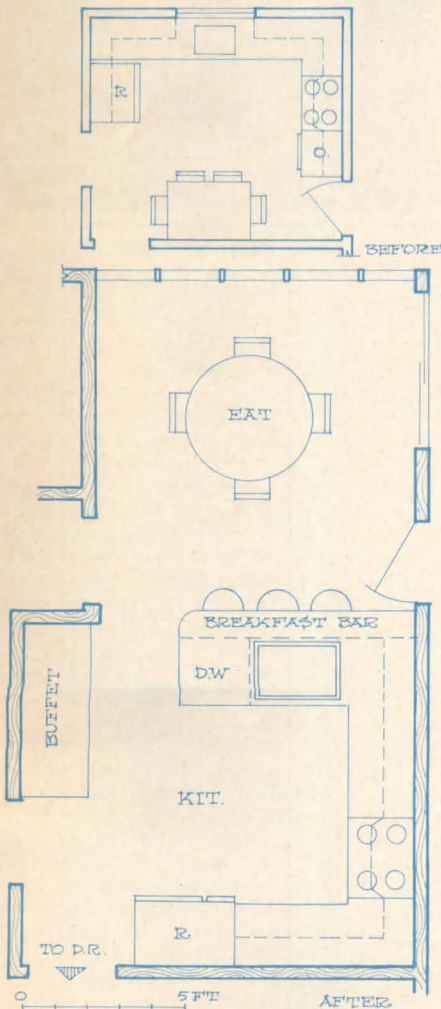


Revamped plan (below left) relocates dining space to reduce activity that might interfere with kitchen work area and to provide a spot for the buffet and pantry area. The broom closet and washer/dryer area (before plan) are now in a new utility room (not shown). Replacing the old back door with a slider gives the room more light, relieving the closed-in feeling that using lots of dark-stained wood can create. Inclusion of the built-in banquette in this plan illustrates the degree of flexibility a kitchen designer can offer. Peterson would have preferred a stool-height eating bar in the kitchen because it would have increased the layout possibilities. But the client vetoed it. "The successful kitchen is the one that meets the owner's needs," Peterson says. "We operate by discussing the pros and cons of all options then let the owners choose. This makes them comfortable because they are actively involved in the design process and it greatly reduces the possibility of conflict later."

WHEN A KITCHEN IS DARK, KEEP CABINETS AND WALLS AS LIGHT AS POSSIBLE.



North-facing kitchen posed a lighting problem before this remodeling. It was very dark, had only one window which looked out on a screened-in back porch and was also paneled with dark pine boards. By enclosing the porch and adding almost continuous glazing, as shown at left, the maximum penetration of light was achieved. The white cabinets and the white paint on the ceiling and walls reflect this light throughout the whole room as well as that of the ceiling spots, track lighting over the dining area, and the fluorescents under the wall cabinets. The sink countertop (photo below) extends 12" beyond the cabinets, providing an informal eating counter that serves as a transition point between the kitchen and the dining area and adds to the entertaining capacity of the whole room.

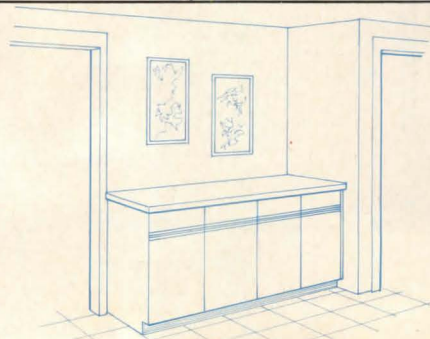


Key structural changes

(shown in before and after plans) yield a striking new room at a minimum cost. A screened-in porch extending beyond the kitchen sink wall had a sound roof and foundation, therefore requiring only the construction of exterior walls, raising the floor to kitchen height, and new glazing on both walls to become part of the new room. The former back wall was removed and the second story of the house supported by a flush header that spans the whole room. The service entry was relocated so it would open into the new dining area. This eliminated the traffic through the work area of the kitchen and allowed for compact arrangement of the cabinets. As a result, storage space is not only increased but is also more efficient. In this job, Peterson was retained merely to provide the design and to supply and install the cabinets. Another contractor was hired to make the structural changes.



PHOTOS: BARBARA PETERSON



Compact buffet area (rendering at left) consists of four white plastic laminate base cabinets aligned and topped with a matching white countertop. This is an adroit use of a slightly dead corner that resulted from changing the kitchen's traffic pattern. The cabinets house linens and infrequently used kitchen supplies.

CONSIDER GIVING OLD CABINETS A FACE-LIFT, NOT THE HEAVE-HO



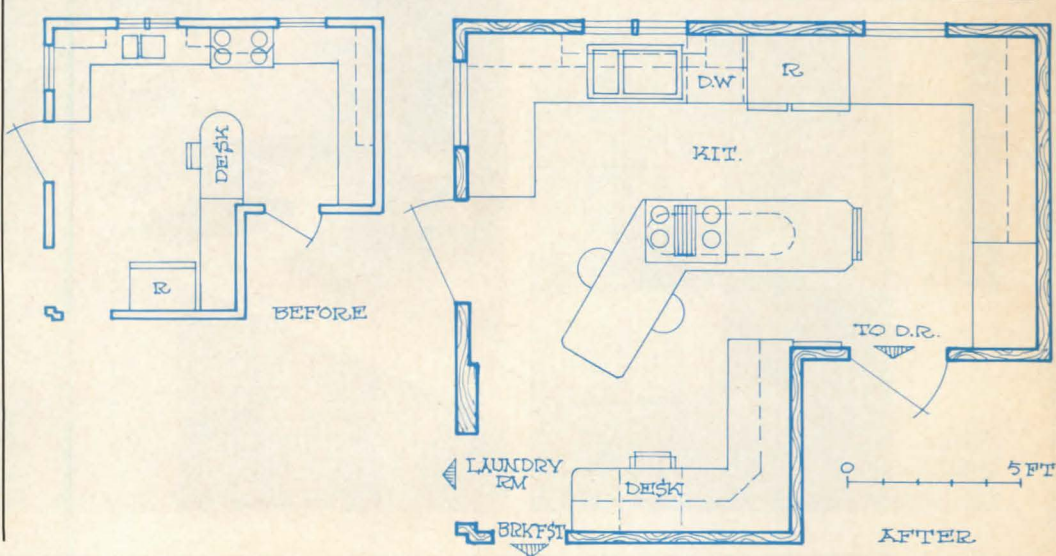
PHOTOS: U.B. KORSSEN

Total kitchen update (color photo at right) was accomplished at a fraction of the normal cost. Peterson did this job in a showcase house that was sponsored by the local Junior League; because of the charitable aspects involved, costs had to be kept low. He refurbished many of the older cabinets by having them spray-painted a soft beige by the same contractor he uses to redo old appliances. Contemporary hardware was added. Then Peterson installed the angled kitchen island to improve traffic flow and to establish an efficient work triangle. He also provided a new desk area where the refrigerator was before (see black and white photo on right) outfitting it with new cabinetry in contrasting colors. New countertops and backsplashes were installed throughout to unify the treatment.



Angled island (shown in foreground at left) is centerpiece of the renovation. Its burgundy base cabinets and Corian® countertop are in prominent view from every entry into the room and effectively suggest that this is "a new kitchen." The island also channels traffic through the kitchen without interrupting the work triangle between the refrigerator, cooktop and sink. Fluorescent lighting was added below all the wall cabinets. And the utensil ring above the island is a traditional note that complements the older cabinets.

Inefficient traffic patterns in before layout (near right) were caused by three doorways leading to adjoining rooms and the rear service entry. The solution—the angled island—isolates the primary working area of the kitchen from the rest of the room and allows traffic to pass from the dining room to the laundry or breakfast room without traversing that work area. The service entry, however, remains on the work side of the island for ease of entering with groceries and other supplies. Although no structural changes were required for this job, a quick glance at the after plan will show just how much more efficient the present plan is. New appliances were added.



Idea Notebook Baths of a different color

It used to be that any color but white for the master bath was considered avant garde. Now pastels and earth tones are the standard. So it pays to try a dose of a different color once in a while to get prospects excited about buying a new home—or updating their existing bath. —B.B.G.

GARCIA CARMER ASSOCIATES



'Basic black' tile lends an air of sophistication to a model home's master bath (*left*). One reason the dark color can be used to good effect is that the bath is unusually well-lit. Project: Windstream, Irvine, Calif. Builder: Ponderosa Homes, Irvine, Calif. Architectural designer: Cordell Ross & Assoc., Irvine, Calif. Interior designer: Beverly Peters of Saddleback Interiors, Irvine, Calif.

Showstopping bath (*below*) is a study in black and white. The only color accent: red tulips in the wallpaper pattern. This secondary bath is in a 5,000-sq.-ft. contemporary-style home in Detroit used as a decorators' showcase. Builder: Sherry Homes Inc., Birmingham, Mich. Architect: David Lubin AIA, Bloomfield Hills, Mich. Interior designer: Millie B. Simon.

Eyecatching master bath (*below*) is one result of a whole-house remodeling. The layout is straightforward, but the color scheme is not—and the surprising combination of black tile and countertop, white cabinetry and fixtures, and yellow walls is intensified by covering one wall in reflective paper. The result: a visually exciting bath that remodeler Williams-Builder of Crosswicks, N.J. uses in his promotional materials.

NORMAN MCGRATH



BETH SINGER



Dramatic contrasts are the key to the model home master bath shown at right: Navy tile with black grout is combined with an off-white rug and parchment-colored fixtures. The market: executives on the way up—an active, status-conscious group that doesn't want run-of-the-mill housing. Project: Coachman Ridge, Clearwater, Fla. Builder: Arthur Rutenberg Co., Clearwater, Fla. Interior designer: Carole Eichen Interiors, Santa Ana, Calif. Project director for Carole Eichen Interiors: Janice Kennedy.

FOR DETAILS SEE
PRODUCT
INFORMATION INDEX



HEIRICH-BLESSING

Painted cabinets (above) not only individualize a custom home's master bath, but they provide so much storage that dressers aren't needed in the master bedroom. Builder: E.L. Yoder & Associates, Granger, Ind. Interior designer: Joseph Kalil, Landmark Designs.

'Blue-on-blue' bath (left) stimulates the imagination of prospects looking for a custom-quality production home. Project: Scripps Crown Pointe, San Diego. Builder: Ponderosa Homes, San Diego. Interior designer: Color Design Art, Pacific Palisades, Calif.



LELAND LEE

Idea Notebook continued

Warm browns create a relaxing atmosphere in the bath at right. Note skylight, window and lighting over the vanity: Without this much illumination, the bath would seem uninvitingly dark. Project: Windstream, Irvine, Calif. Builder: Ponderosa Homes, Irvine. Architectural designer: Cordell Ross & Assoc., Irvine. Interior designer: Beverly Peters of Saddleback Interiors, Irvine.

Rolling out a red carpet makes a master bath memorable (*below*). It's in a model home geared for young professional couples who are making their first move up and want a home with a dash of drama. Project: Terrace Homes of Nob Hill, Carrollton, Tex. Builder: J. Stiles Inc., Plano, Tex. Interior designer: Sandra Whigham of Marlene Dibrell and Associates, Plano, Tex.



GARCIA-CARMER ASSOCIATES



LOUIS REIENS



BETI SINGER

Monochromatic master bath (*above*) has an ultra-sophisticated look calculated to impress those who feel they've made it. It's in a 5,000-sq.-ft. spec house used as a decorators' showcase. (The secondary bath from this house is shown on page 80.) Builder: Sherry Homes Inc., Birmingham, Mich. Architect: David Lubin AIA, Bloomfield Hills, Mich. Interior designer: George Williams Interiors Ltd.

FOR DETAILS SEE PRODUCT INFORMATION INDEX



WHEN AMERICAN BUSINESS HITS THE ROAD,
AMERICAN BUSINESS DECIDES ON HILTON.



Talk Starters

"Color it successful" is the theme of these two pages. If the kitchens and baths in your model homes start prospects talking, they're likely to remember your project when it comes time to buy. And what better way to start people talking than with a color scheme that's memorable.

Recognizing the importance of color in merchandising new homes, product manufacturers have come up with a variety of ways to keep builders up-to-date on the ever-changing color scene. For example:

Wilsonart's traveling product exhibit, "Shangri-La," is in its second year (*upper right*). Through on-the-spot surveys, designers, architects and builders have helped select new additions to the company's evolving Color Quest™ laminate line.

Another manufacturer, Congoleum, is stressing interaction with builders through its "Spectrum of Color" program, which can be presented to groups or individuals. The information program was developed "to help translate color trends to sales." A key element is a series of color boards (*lower right, facing page*) that illustrates coordination of flooring, wall-paper, laminates and accessories.

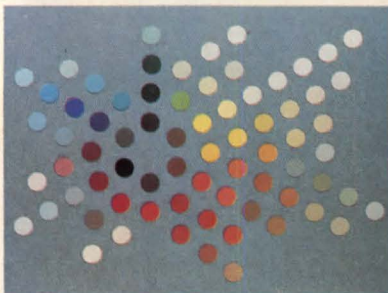
Color coordination is also the focus of the "Official Kitchen & Bath Color/Design Success System." Four manufacturers assemble fixtures, appliances, flooring and laminates of complementary colors to form harmonious room settings (*lower right*).

Also shown on the facing page: a functional color grid that simplifies the color selection process; an illustrative example of one of many current color trends; and an updated version of a classic wallcovering.

Karen Butera, president of The Inside Story, Palo Alto, has a final word on color: "Remain as neutral as possible and . . . keep it light and bright."

For more information on colorful baths, see *Idea Notebook* on page 80.

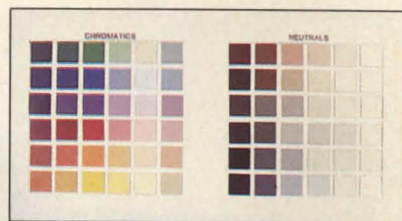
—MARY A. RIORDAN



Color choice surveys (*shown in progress above*) are part of a traveling product exhibit, called "Shangri-La," that has brought together more than 10,000 designers, architects and builders in 13 cities. The evolving Color Quest™ laminate line (*available colors shown at left*) is shaped by the results of the surveys. The manufacturer's goal: to anticipate and meet the ever-growing need for new colors. Wilsonart. **Circle 547** on reader service card



Mellow browns unify this kitchen setting—a combined effort of four manufacturers to demonstrate color coordination. Countertops and cabinetry are surfaced with laminates from the Wilsonart Color-Vantage™ collection: Natural Almond, Calcutta and Noble Oak. The sink is Kohler's Trieste™ in Almond. Appliances are all by Magic Chef, also in Almond. Flooring is Tarkett's 7500 Series DeAnza. **Circle 552** on reader service card

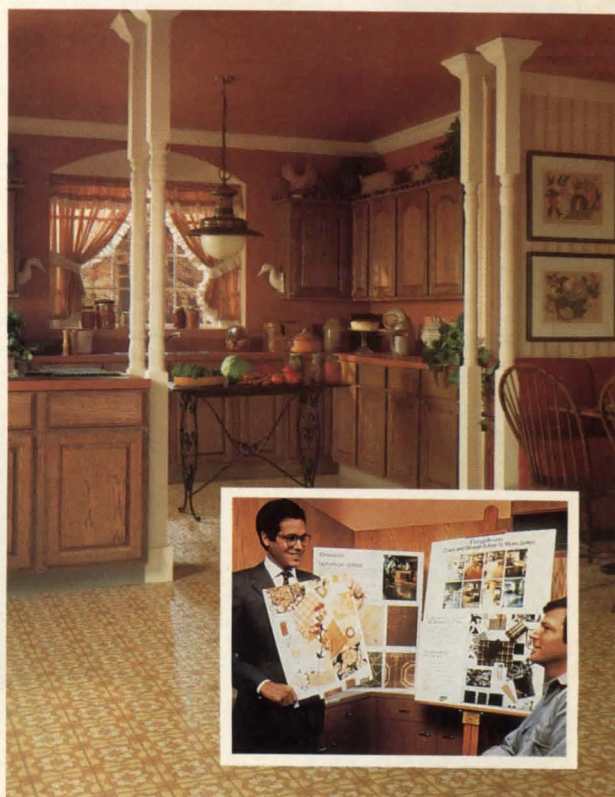


The 'Color Grid' (above) is comprised of 72 laminate colors systematically arranged in "Chromatics" and "Neutrals." The result is a functional color selection tool: two grids of 36 colors, each graded by hue and value (brightness), progressing from dark to light. Formica Corp. **Circle 548** on reader service card

Trendy greens decorate the spacious bath shown at left, illustrating an increasing use of green noted by design director Sharon Clarke-Fodor of Sanitas. Wallcoverings are from the "Our Town" collection. **Circle 549** on reader service card



A favorite pattern recolored to suit today's tastes is shown in the kitchen above. "Gwyneth" is one of twenty-five classic designs—some have been around for thirty to forty years—that have been updated for the new "Double Take" collection. What's selling now? According to Lillian Travis, director of design for Katzenbach & Warren, it's "neutral" color combinations like the one pictured. **Circle 550** on reader service card



The bronze tones, one of eight "families" of color that Congoleum expects will dominate home furnishings in the '80s, is illustrated in the kitchen/eating area seen above. Featured is "Royal Court" no-wax vinyl flooring from the "Contempora" collection. In the inset photo, a manufacturer's representative displays a color coordination board used in a "Spectrum of Color" presentation to builders. **Circle 551** on reader service card



Top-of-the-line electric range is one of seven 30" models. Features include "Vari-broil" control, lift-off oven door, lift-up top and storage drawer. Range is available in five colors: white, coffee, almond, harvest wheat, and fresh avocado. Tappan Appliances. Circle 518 on reader service card



Kitchen sink and ceramic tile countertop system, called "Ceramica Coordinates," is shown above in seal. Other colors include sand, wheat and blue. Eljer Plumbingware and American Olean Tile. Circle 520 on reader service card



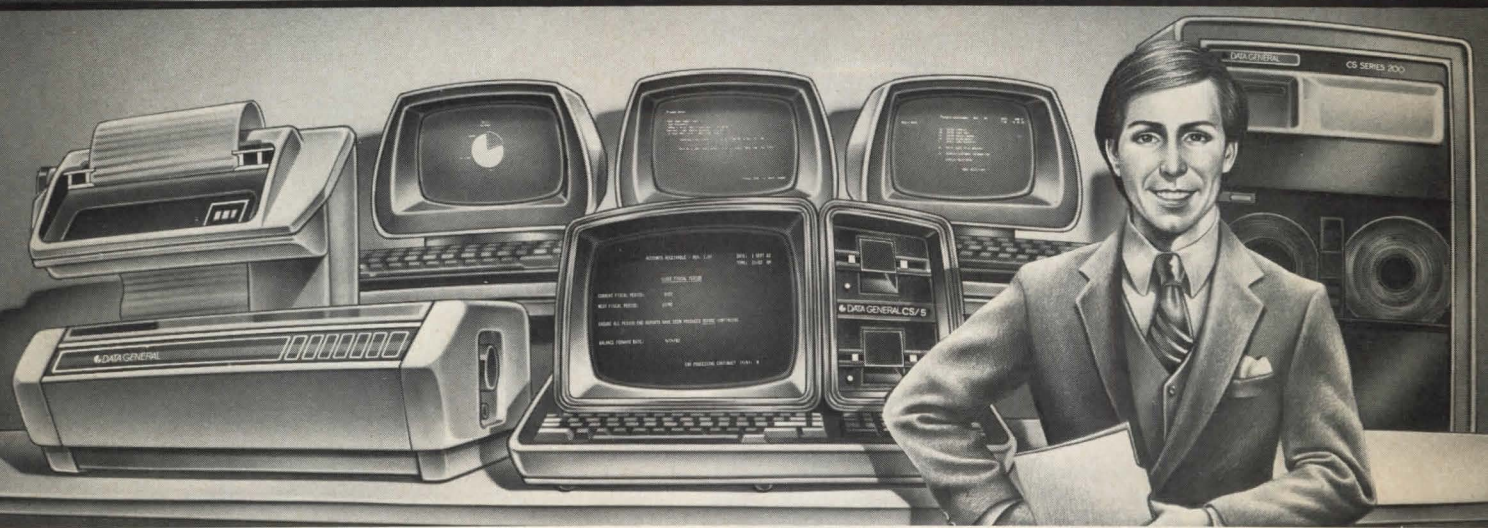
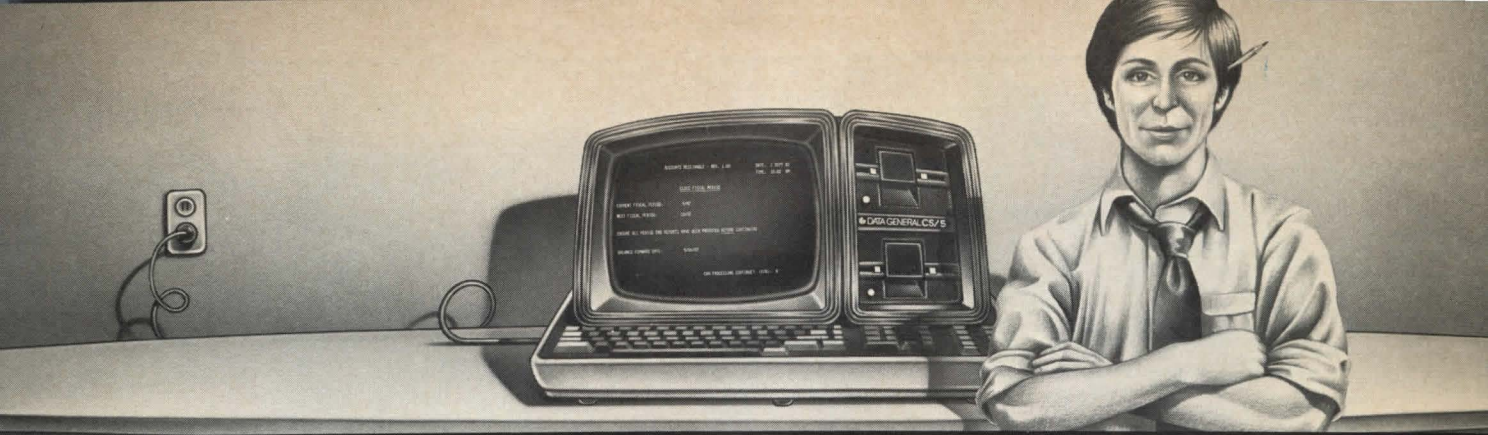
Washerless single-control faucet, with a spray attachment built into the deck, is designed for installation in three- and four-hole sinks. The model 072-42 (shown above) features "water miser" aerator and "Midas Touch Control." Sterling Faucet Company. Circle 521 on reader service card



Frost-free refrigerator-freezer is equipped with an automatic ice and water dispenser and separate quick-chill compartment. The three-door side-by-side model has five interior shelves. White-Westinghouse. Circle 519 on reader service card



Combination range exhaust hood and microwave oven shelf accommodates the manufacturer's countertop microwave ovens, as illustrated. Prewired unit can be installed beneath 12" or 15" high cabinets. Whirlpool. Circle 522 on reader service card



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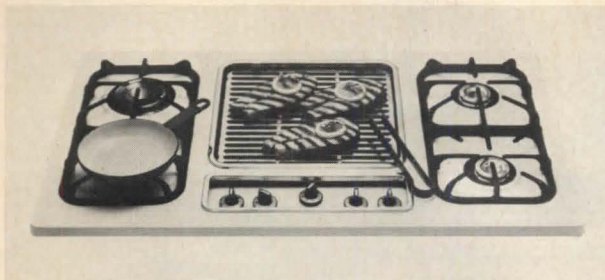
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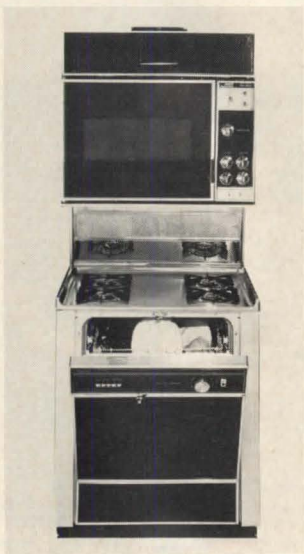
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Gas cooktop (above), with electric "Griddle 'N Grill," has an over-sized Super Burner™. The 36" unit is offered in white, almond, golden wheat, coffee, and brushed stainless steel. Four other models are available. Thermador/Waste King. *Circle 536 on reader service card*



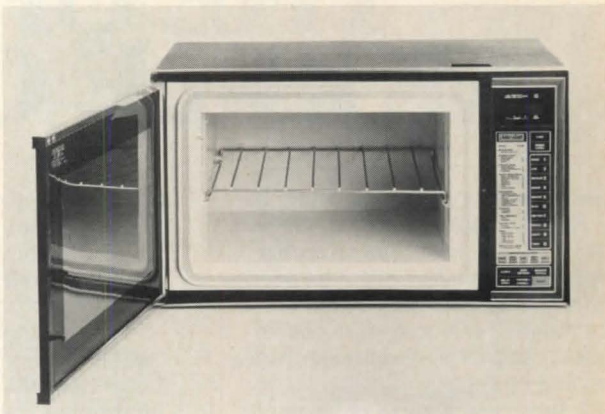
'Cook-'N-Clean Center,' a combination oven, cooktop and dishwasher, fits into a 30"-wide space. Shown is the gas version, with such features as solid-state pilotless ignition and a continuous cleaning oven. Modern Maid Company. *Circle 537 on reader service card*



Top-of-the-line dishwasher, with solid-state controls, features five wash selections, an energy consumption monitor, and a warning device that signals possible maintenance problems. The "Pot-scrubber 2500" comes with a durable PermaTuf® tub and door liner. General Electric. *Circle 539 on reader service card*



Built-in dishwasher is said to operate more quietly because it is built with additional insulation and the speed of the pump has been changed. Seven models are available. A choice of reversible front panel inserts is offered: black with reverse side in white, almond with gold, and avocado with coffee. Maytag. *Circle 538 on reader service card*



Microwave oven (above) is a top-of-the-line countertop model with electronic touch-sensitive controls, clock and 99-minute timer. The model 1590 (shown), with 1.5 cu. ft. cavity, has an automatic defrosting feature. Litton. *Circle 540 on reader service card*



Hot water dispenser (left), with 1/2 gallon tank, is a one-piece unit constructed of plastic outer shell, brass tank and valve, and corrosion-resistant copper waterway. Shown is "Steamin' Hot" model H-330. In-Sink-Erator. *Circle 541 on reader service card*



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Circle 89 on reader service card



Fabric-backed vinyl wallcoverings, from the "City & Country Kitchen & Bath Etcetera" collection, include the "Strawberry Jam" and "Crosspath" patterns shown above. James Seeman Studios/Div. of Masonite. *Circle 502 on reader service card*



Prepasted vinyl wallcovering, from the "Check Mates" collection, is scrubbable and strippable. The "Torino" pattern shown is available in six colorways, including pastels and earthtones. Benchmark. *Circle 503 on reader service card*



Fabric-backed vinyl wallcovering collection, called "Color Classics," includes plaids, mini-florals and dot designs. Patterns shown are from the red and white series. GTR Wallcovering. *Circle 501 on reader service card*



Strippable and scrubbable wallcoverings are from the "Heart of the Home" collection. Small-flower motif, seen in the striped "Lansdale" pattern, is repeated in the "Square Deal" pattern. Sanitas. *Circle 504 on reader service card*



Glazed ceramic wall and floor tile is offered in blue/brown (shown) and beige/brown color combinations. Pictured is the "Jasba Corso" line, including floral-accent tiles and corner pieces. Amsterdam. *Circle 505 on reader service card*



Whirlpool tub, constructed of fiberglass and acrylic, fits a conventional 5' space. Seven colors are available. Universal-Rundle Corp. **Circle 506** on reader service card



'Euomix' center-set faucet (right), with solid brass cartridge, is designed for single-hole mounting. Grohe. **Circle 507** on reader service card



Shower door, called the Vista-Pivot™, features adjustable jamb for installation in nonstandard openings. Models are available in 66" and 72" heights. Kinkead Industries. **Circle 509** on reader service card



Tub surround, seen above, is constructed of polyester-reinforced fiberglass panels. Unit, delivered in a kit that includes adhesive and caulking, is designed for installation with any conventional 5' tub to a maximum 32" wide and 60" long. Aqua Glass. **Circle 508** on reader service card



Widespread lavatory faucet (left), made of brass, is shown with a new "polished brass" epoxy finish. Price Pfister/Div. of Norris Industries. **Circle 510** on reader service card



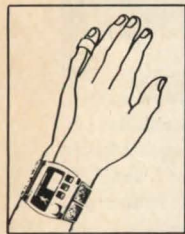
Shower enclosure features a frame with the new BronzTique™ anodized finish that complements most antique brass and bronze bath fixtures. The finish is also available on the manufacturer's sliding bath and shower enclosures. Howmet Aluminum. **Circle 511** on reader service card

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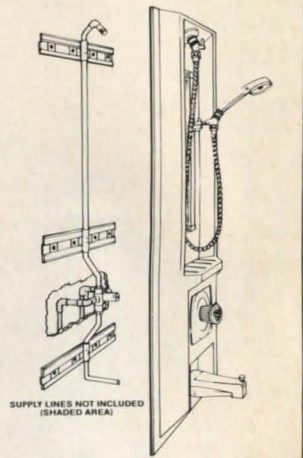


Decorative polished brass faucet (above) is from a line called "The Renaissance Collection." White ceramic handles and escutcheons have a floral design. Brass lever handles are also available. The Chicago Faucet Company. Circle 529 on reader service card

Single-control decorator faucet (right) is washerless and corrosion-resistant. Unit is offered in antique bronze with a smoked acrylic handle and in polished brass with a clear handle. NIBCO. Circle 530 on reader service card



'Shower Tower' (above) is a preplumbed, surface-mount tub/shower faucet set. Fiber-glass-housed fixtures require only two connections to supply lines, as shown in the schematic. Unit is available with a standard shower head or a bar-mounted adjustable hand shower. Swan Corp. Circle 531 on reader service card

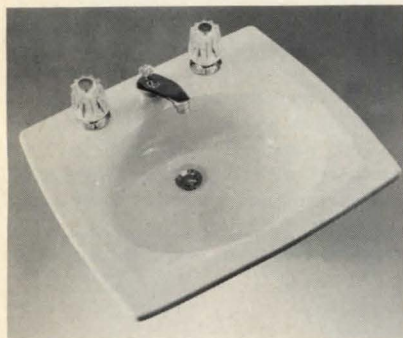


Three-valve tub and shower system (right) is from the washerless "Gemini Collection." Handles are made of clear acrylic; spout is available in four metallic finishes. Shower head (not shown) has a water-saver flow restrictor. Sterling Faucet Company. Circle 532 on reader service card





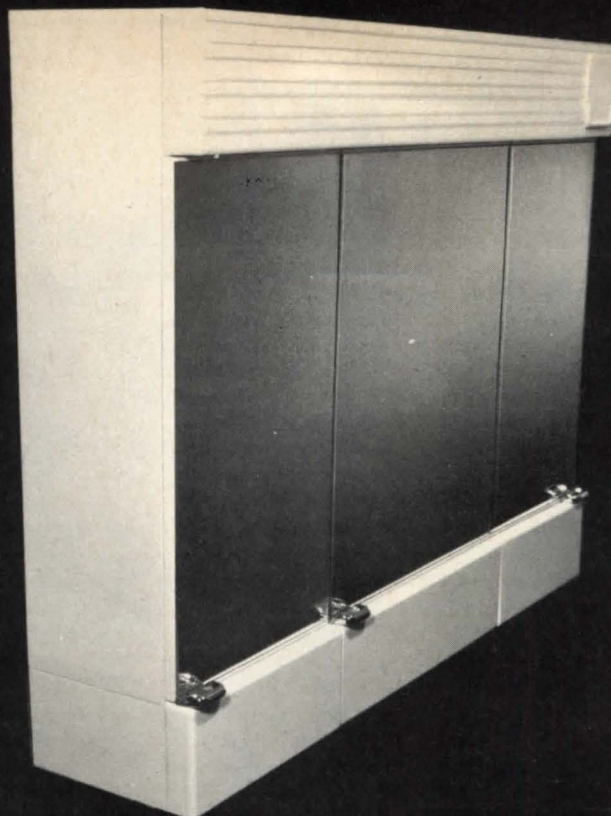
Five-piece tub surround, made of resilient ABS plastic, is designed to fit most 5' bathtubs. "Perma-Wall" features an integral grab bar and two soap dishes. Kohler. Circle 533 on reader service card



Self-rimming rectangular lavatory, with deep-set oval bowl, measures 22" x 19". The model 221 (shown above) is offered in six colors. Norris Plumbing Fixtures. Circle 534 on reader service card



'Superinse' water closet (above), with redesigned water delivery system, uses only one gallon per flush. Thetford Wastewater Treatment Systems. Circle 535 on reader service card



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Cushioned vinyl no-wax flooring, offered in 12'-wide rolls, looks like glazed ceramic tile. "Alban Hills" is available in four colorations: peach, gold, camel, and almond. Armstrong. *Circle 525 on reader service card*

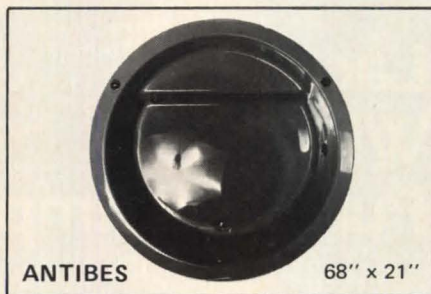


Vinyl flooring, with painted tile look, is offered in 6' and 12' widths. "Ashlyn Hall" comes in six colorways: china blue, gold/orange, berber beige, sage green, grayston/almond, and light chocolate. Congoleum. *Circle 526 on reader service card*



No-wax floor tile, called "Orrs Mill Brick," is made of resilient vinyl. Flooring shown above, in a basket weave pattern, is available in red and white colorations. Tarkett/GAFSTAR Vinyl Flooring. *Circle 528 on reader service card*

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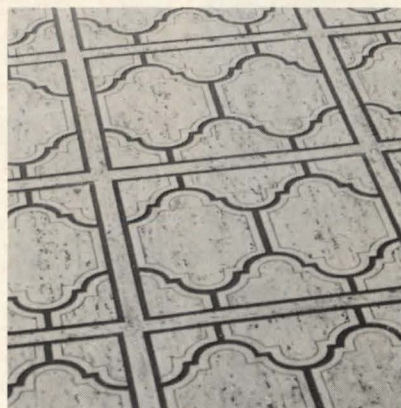
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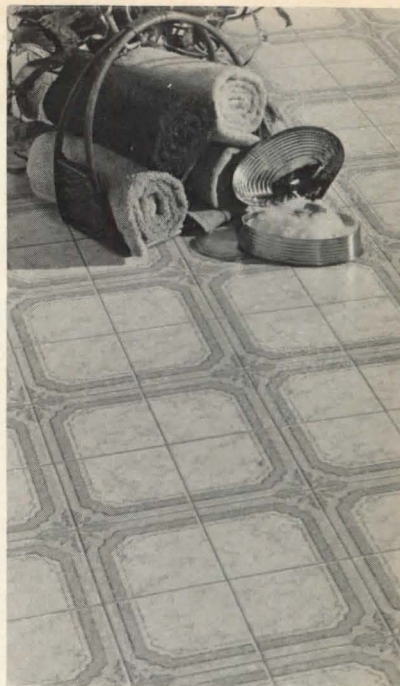
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Single-fired ceramic tiles, shown above in a kitchen/greenhouse, are acid- and impact-resistant. Durable "Monocottura" tiles from the "Valentino Designer Collection", each measuring 12 1/4" sq., come in a solid light grey color called "grigio tortora". Piemme of the Americas Ltd. **Circle 523** on reader service card



Durable tiles (right), from the "GMT International Flooring Collection of Translucent Vinyls," come in 12" squares. "Embossed Amsterdam," one of four designs available, is offered in two colorways: white and beige. Go-Met-Tile Associates. **Circle 524** on reader service card



Cushioned no-wax flooring (above), from the "Lustrecon" collection, is available in 6' and 12' widths. "Tripoli" comes in four colorations: baltic blue with beige, almond and white, creamy beige, and nutmeg brown. Mannington Mills. **Circle 527** on reader service card

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Cabinetry line has oak-veneer doors with a mellow wheat finish. Pulls are made from solid oak. Style shown is "St. Moritz" from the "Contempra Collection". Yorktowne. Circle 512 on reader service card

Medicine cabinet, measuring 17" x 32", is fitted with decorative brass studs and adjustable glass shelves. Plate glass mirror is 14" x 24". The frame has a walnut finish. NuTone/Div. of Scovill. Circle 513 on reader service card



'Omega' cabinetry is constructed with plastic laminate surfaces and solid oak molding on doors and drawer fronts. Features include adjustable shelves and microwave oven cabinet. Kemper/Div. of Tappan. Circle 514 on reader service card



Wood cabinetry (above), with raised panel doors, is constructed of cypress. The finish is natural. Rich Craft Custom Kitchens. Circle 515 on reader service card



Medicine cabinet is available for recessed as well as surface mounting. Style shown at left has a honey oak frame. Other styles are available, including dark oak, antique white oak and medium pine. Zenith Products. Circle 516 on reader service card



The 'Richwood' line of cabinetry comes with solid oak door frames and drawer fronts. Adjustable shelves, brass hardware and self-closing hinges are features. Kitchen Kompact. Circle 517 on reader service card

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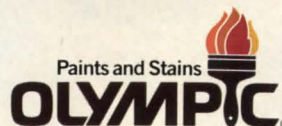
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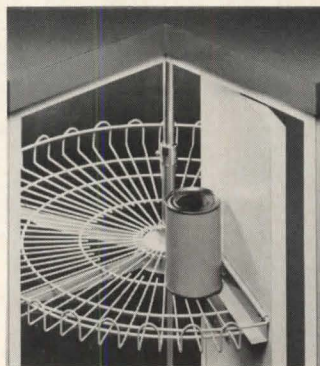




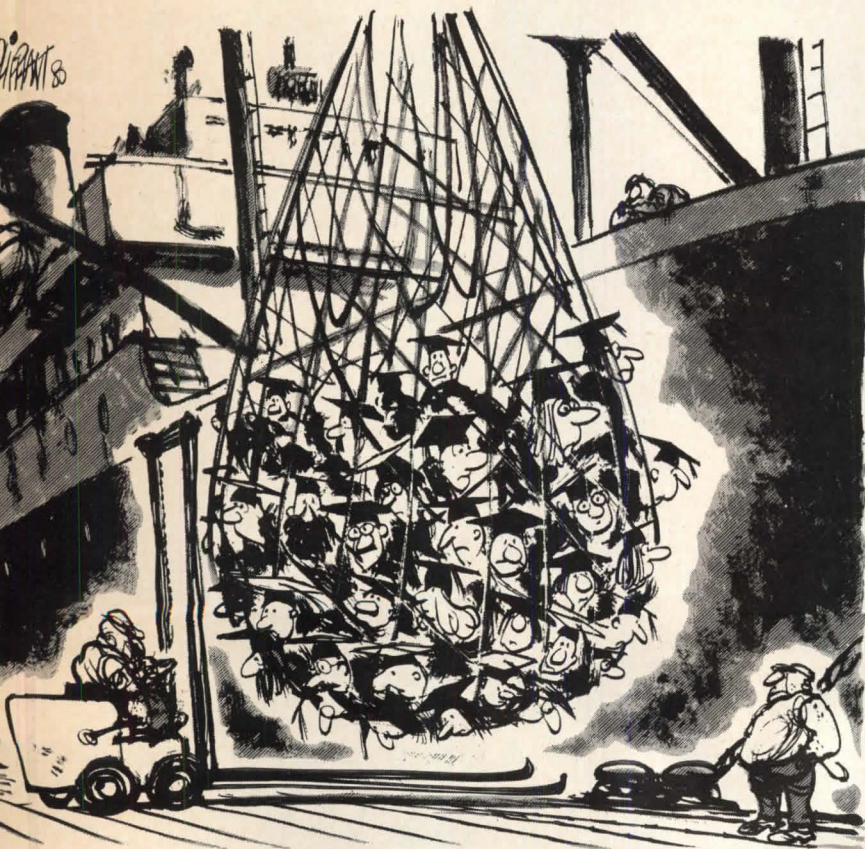
'Concept Series' cabinetry, with adjustable shelving, has durable melamine surfaces on door and drawer fronts. Cabinets are available with almond, white or cherry finish. Home-Crest. Circle 542 on reader service card



Oak vanity, with matching countertop, is offered in five styles with a choice of six hand-rubbed finishes. Self-closing hinges are standard. Pacific Cabinet. Circle 544 on reader service card



Revolving cabinet shelf (left) is from the "Rev-A-Shelf" line of epoxy-coated storage organizers. Ajax Hardware. Circle 545 on reader service card



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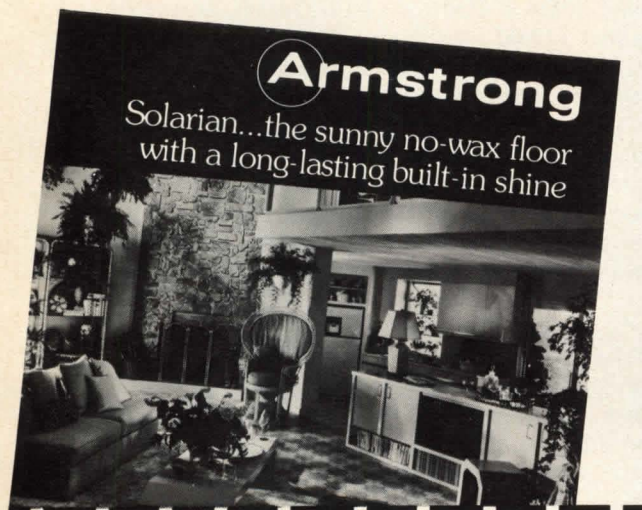
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The 'R-T-A Satin Series' line of cabinetry (shown in the kitchen above) has textured-surface doors available in a choice of three colors: almond, white, and olde hickory. Oak or satin aluminum decorative trim is offered. Atlantic Cabinet Corporation. **Circle 543** on reader service card



'Horizon' custom cabinetry from the "American Contemporary Collection" is constructed of hand-finished natural oak. A wall-hung microwave cabinet (shown) includes open shelving on the right and cabinet storage above. Quaker Maid/Div. of Tappan. **Circle 546** on reader service card



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Circle 103 on reader service card

Homeowners don't know as much about fire safety as they should, according to a survey conducted by Opinion Research Corp. for Jameson Home Products, a manufacturer of home fire safety products located in Downers Grove, Ill. While the survey found that 63 percent of the 751 households polled had smoke alarms, up from 22 percent in 1977, most consumers have a false sense of security about how well protected they are. For example, most houses had one smoke alarm; yet Victor Palumbo, a former New York City fire marshal—now a fire and arson consultant—says a two-story, 1,700-sq.-ft. house needs three smoke alarms. Also, 70 percent of those surveyed said the kitchen was the most likely place for a fire to start. But, says Palumbo, “in a living room or family room, fires can go undetected for longer periods of time and can spread more quickly because of the various combustibles present.” Other survey results: On average, 57 percent of those polled checked their alarms once every two months and 15 percent never checked them at all (Underwriters Laboratory recommends weekly checkups and the International Association of Fire Chiefs recommends monthly checking); 78 percent said they would support federal legislation requiring smoke alarms in all homes.

Manufacturer proposes voluntary standards for polyethylene septic tanks. The Roto-Foam division of Norwesco Inc., St. Bonifacius, Minn., approached the National Sanitation Foundation (NSF) with the plan because, “as is the case with all technically critical applications, certain precautions should be followed to ensure trouble-free performance,” says Tom Smith, the company's general manager. “Such precautions include the use of suitable grade polyethylene and also appropriate tank design to achieve required performance standards.”

Prefabricated, earth-sheltered housing system receives patent. The first all-wood foundation/structural system for earth-sheltered houses was awarded a U.S. patent on June 15. A 1,040-sq.-ft. underground house in Redwood Falls, Minn., using this system had a total energy bill of about \$70.00 for the year. The manufacturer, Everstrong Marketing, also of Redwood Falls, and its exclusive marketing company, Heritage International of Salt Lake City, hope that the patent will encourage further public acceptance of this type of housing. The newly patented system is derived from the all-weather wood foundation system developed by the American Plywood Assn. [H&H, Oct. '76]. Research participants included the APA, The Foundation Institute and the National Assn. of Housing Manufacturers. Harold D. Glazier, Heritage president, states that this system is less expensive than the concrete systems usually used for earth-sheltered housing. The system is accepted by HUD and other government agencies.

BF Goodrich has opened a telephone 'hotline,' the PVC Interchange, to provide quick answers to questions about the safety of polyvinyl chloride (PVC) in construction and plumbing applications—particularly about PVC's performance in fires. “In recent months,” explains J.L. Hobey, senior vice president and general manager of BF Goodrich Chemical Group's PVC Div., “the PVC industry has been under a sustained attack by producers of competitive materials. . . . We don't want people to be confused about the excellent performance and safety of PVC.” The toll-free number is (800) 321-2916; in Ohio, call collect to (216) 447-6139.

Solar collectors are becoming more efficient, according to tests made in Florida, and reported in “*Performance Improvements in Flat-Plate Liquid Solar Collectors.*” The authors, Jim Roland, Jim Huggins and Tom Tiedemann of the Florida Solar Energy Center, collected data on solar domestic hot-water collectors that have been tested and certified in Florida, where certification has been required since 1977. The average rating for 1977 was found to be 609 btu/sq.ft./day. By 1981, the average had climbed to 811 btu/sq.ft./day, an increase of 33 percent. The authors believe improved design and materials contributed to the increases in efficiency. Collectors with a single-plate glass covering and a selective surface coating had the highest ratings. However, collectors with a non-glass cover and no selective surface coating showed the greatest overall increase in efficiency since 1977.

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The American Dream

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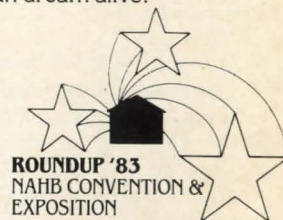
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New ideas for kitchen and bath design

Manufacturers are constantly updating their lines of appliances, fittings, cabinetry and accessories for the kitchen and bathroom—and the publications listed below will help you keep abreast of the latest data. There are also offers for a report on consumer preferences in the plumbing fixtures category, a directory of manufacturers of certified cultured marble lavatories, and an idea book for coordinating products and colors.

Built-in appliances for the kitchen, including ovens and cooktops, are pictured and described in a 15-page brochure. The publication includes a discussion of trends in kitchen design. Gaggenau USA. **Circle 300** on reader service card

A four-color catalog presents decorative **bathroom faucets and accessories**. Pictured is a variety of porcelain and brass fittings for the tub, shower, lavatory and bidet. Artistic Brass/Div. of Norris Industries. **Circle 301** on reader service card

A line of **laminated cabinetry** is pictured and described in a four-color brochure. Also shown is a variety of specialty units, including a pantry with pull-out shelving and a built-in ironing board. Detailed construction specifications are given. Capri Kitchens. **Circle 302** on reader service card

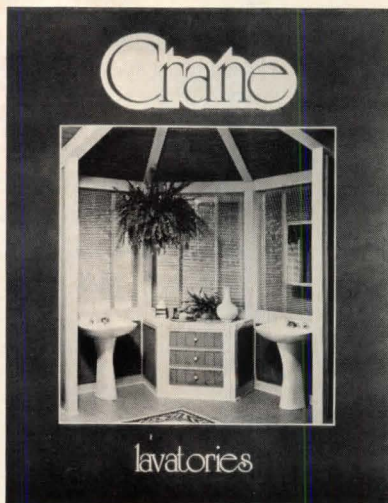
Results of a consumer preference study on **plumbing fixtures** are available. The publication includes: general findings regarding bathroom fittings and kitchen sinks, user satisfaction responses, material preferences, sample questionnaire and representative comments. Porcelain Enamel Institute. **Circle 303** on reader service card

A four-page brochure presents the "Kitty Hawk Kollection" of **contemporary cabinets**. Six door styles are shown in four-color photographs. Kountry Kraft. **Circle 316** on reader service card

A foldout displays **butcher block countertops** in four-color and black-and-white photographs. The publication includes a list of finishes and tips on care and maintenance of the hardwood products. Scott Tops. **Circle 317** on reader service card

Custom-designed kitchen cabinetry is displayed in a four-color foldout. A number of styles in oak and birch are pictured, as well as a selection of fin-

ishes. Stained leaded glass doors and accessories, including roll-out shelves, lazy susans and wine storage racks, are also shown. Imperial Cabinet. **Circle 313** on reader service card



A complete line of **lavatories** is presented in a four-page brochure (see photo above). Self-rimming and under-the-counter models are shown in color. Included: information on vanity/lavatory combinations, fixtures, color selection, product dimensions and features. Crane Co. **Circle 308** on reader service card

The Resan® line of **sinks** is presented in a 12-page brochure. Included: line drawings with dimensions, features list, temperature-resistance chart and four-color photos of a number of accessories. Resopal Rommler. **Circle 309** on reader service card

A four-color catalog on the "Field-Safe" **bathroom accessory line** is available. Numerous stainless steel and brass products are pictured and described. A line drawing, illustrating the "direct-to-wall" mounting system, is included. Tubular Specialties Mfg. **Circle 310** on reader service card

Washerless faucets are pictured and described in a 16-page catalog. Also shown: a complete line of accessories for the bathroom and a new one-piece water closet. Delta Faucet. **Circle 307** on reader service card

A directory of manufacturers of certified **cultured marble lavatories** is available. Also offered: a product brochure describing cultured marble, the certification program and test standards. Cultured Marble Institute. **Circle 306** on reader service card

A 44-page idea book gives pointers on product selection, color coordination and **decorating for the bathroom and kitchen**. Included are four-color photos of spas, tubs, showers, lavatories, toilets and bidets. The publication is available for \$2.00 from Kohler Co., Kohler, Wis. 53044.

A 64-page catalog of **home appliances** contains four-color photographs, detailed product descriptions, dimensions and feature checklists. The "Builder Products" publication highlights ranges, ovens, cooktops, refrigerators and laundry products. Whirlpool. **Circle 312** on reader service card

A 14-page brochure demonstrates imaginative applications of **ceramic tile** in kitchens and bathrooms. Each four-color photograph is accompanied by an installation drawing. American Olean Tile Company. **Circle 314** on reader service card

Circular and rectangular sinks are pictured and described in a four-page brochure. Three faucet models are shown, as well as cutting board, drain-er and strainer accessories. Included: a list of available colors. ATAG USA. **Circle 315** on reader service card



The versatility of Italian **ceramic tile** is the subject of a 24-page booklet (see photo above). The publication features 21 four-color photographs of installations; types, shapes and care of tile are discussed. Italian Tile Center. **Circle 304** on reader service card

A technical flyer, called "Pro Talk," introduces the upgraded "Chalet" **faucet**. Six models are described; two of these are illustrated by line drawings. Moen. **Circle 305** on reader service card

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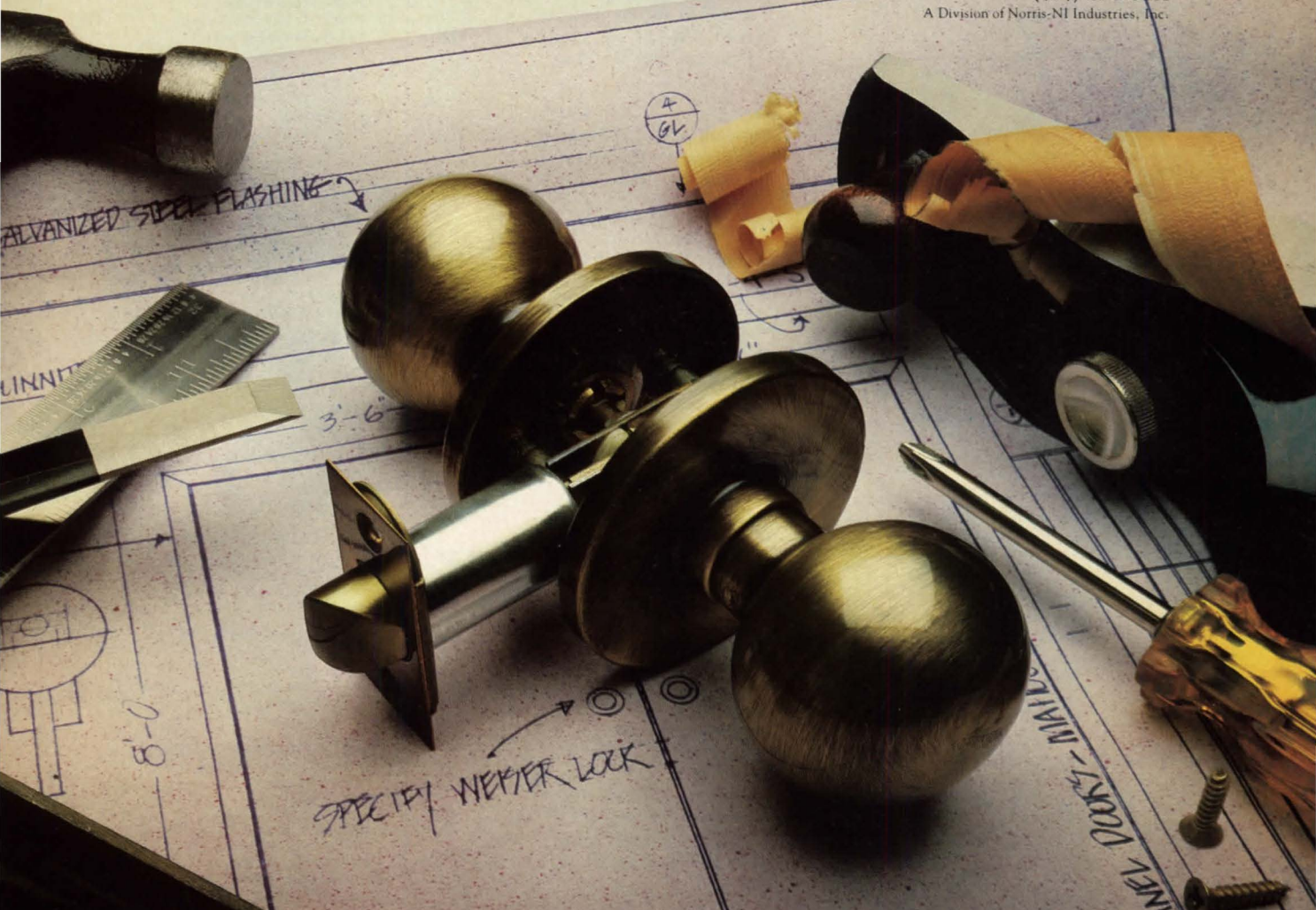
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ADVERTISERS INDEX

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•See Advertisement in Housing
April 1982 Buyers Guide

- Circle
No.
- A**
- 97 Allibert97
Mitelman & Assoc.
 - 29 Allmilmo 29
Edmond Assoc.
 - 11 American Standard11
Clinton E. Frank Inc.
 - 100 Armstrong World Ind. Inc.103
 - 3 Armstrong World Ind. Inc.Cov. III
Marsteller, Inc.
 - 99 Atlantic Cabinet Corp.99
Wilson & Peck, Inc.

- C**
- 8 Caloric Corp.8
Elkman Adv.
 - Classified105
 - 103 Comptote Shower Pan103
Hakuhoda Adv. America, Inc.
 - 1 CongoleumCov. II, Pg. 1
Grey Adv. Inc.
 - 16 Crestline16
The Cramer-Krasselt Co.

- D**
- 87 Data General CS87
Drossman, Yustein, Clowes, Inc.

- E**
- 45 Eljer Plumbingware
Div. Wallace Murray.45
Marsteller, Inc.

- F**
- 39 Federal National Mortgage Assoc. ...39
N. W. Ayer Inc.
 - 72 Forest Fiber Products92A
Gerber Adv.

- G**
- 15 General Electric15
BBDO, Inc.
 - 19 Georgia Pacific18, 19
McCann-Erickson Inc.

- H**
- Hilton Hotels Corp.83
McCann-Erickson Inc.

- K**
- 4 Kitchen Kompact4
Halbleib & Moll Assoc. Inc.

- L**
- 2 Luwa Corp.2

- M**
- McGraw-Hill Continuing
Education Center41
Ehrlich, Manes & Assoc., Inc.

- Circle
No.
- 47 Magic Chef47
Keller-Crescent Co.
 - 5 Majestic Co.Cov. IV
Keller-Crescent Co.
 - 21 Mannington Mills21
Gray & Rogers
 - 55 Merillat Industries, Inc.31
Creative House
 - 35 Minolta Corp.33-35
Bozell & Jacobs, Inc.
 - 74 Monier Co.92B
Leland Oliver Co., Inc.

- N**
- National Assoc. of Home Builders 105
The Adams Group, Inc.
 - 98 Neptune Ind. Inc.98

- O**
- 101 Olympic Stain101
Kraft Smith

- P**
- 58 PPG, Ind.58
Ketchum Adv.

- R**
- 12 Rush-Hampton12
Ellis Singer & Webb

- S**
- 25 Scheirich Co., H. J.24, 25
Doe-Anderson Adv.
 - 57 Sears, Roebuck & Co.57
Stern Walters/Earle Ludgin
 - 70 Senco Products, Inc.90A
Griswold-Eshleman/Cinn.
 - 7 Shell Chemical6, 7
MDR Inc.
 - 75 Smith-Cattleguard Co.92B
Ad Design, Ltd.
 - 89 Sony Corp. of America89
McCann-Erickson Inc.
 - 96 Sunshine Express96
Fotouhi Alonso

- T**
- Trans World Airlines, Inc.52
Oglivy & Mather, Inc.

- V**
- 73 Vanguard Plastic Ltd.92B

- W**
- 27 Weiser Lock
Div. of Norris Ind.107
Norris Communications
 - 23 Whirlpool Corp.23
The Netedu Co.

- Z**
- 71 Zinc Institute90B
Colarossi/Griswold-Eshleman

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PRODUCT INFORMATION INDEX

For help in locating manufacturers listed below,
use HOUSING's Buyers' Guide (Apr. '82)

Page 59—Cabinets; white oak. Flooring; Heath Ceramic Tile. Tub; American Standard. Toilet; American Standard. Fittings; Watercolors. Lighting; porcelain sockets. Countertops; Heath Ceramic Tile.

SCULPTING SPACE: THREE APPROACHES TO REMODELING KITCHENS

Pages 60 to 69

Page 60—Cabinets; white oak. Flooring; red oak. Oven; Chambers. Microwave oven; Litton. Cooktop; Jenn-Air (with grill), Chambers (with griddle). Dishwasher; KitchenAid. Trash compactor; KitchenAid. Refrigerator; Sears. Countertops; maple butcher block, Fiorano Italian Tile (backsplash). Sink; Elkay. Windows; Pella. Lighting; Lightolier (recessed), Abolite (hanging). Skylight; Blomberg. Hot water dispenser; In-Sink-Erator. Soffit; clear western red cedar. Faucets; Delta. Hood; Thermador.

Page 61—*Left*: Cabinets; white oak. Oven; General Electric. Cooktop; Chambers. Dishwasher; General Electric. Refrigerator; General Electric. Countertops; Formica Corp., Fiorano Italian Tile. Sink; Elkay. Windows; Pella. Lighting; Lightolier. Faucet; Delta. Oven hood; Thermador. *Right*: Cabinets; redwood. Oven; Caloric. Dishwasher; KitchenAid. Countertops; Franciscan Tile. Sink; Elkay. Windows; custom. Lighting; Lightolier. Decorative strip on backsplash; Heath Ceramic Tile. Hardware; Schlage.

Page 62—Cabinets; white birch. Flooring; red oak. Oven/warming oven; Amana. Microwave oven; Amana. Cooktop; Jenn-Air. Grill; Jenn-Air. Dishwasher; KitchenAid. Trash compactor; KitchenAid. Refrigerator; Sub-Zero. Countertops; Italian marble. Sink; Kohler. Lighting; Lightolier (recessed), Christopher Lloyd (hanging). Skylight; Blomberg. Fireplace; Majestic. Pot rack; Taylor & NG.

Page 63—Cabinets; white oak. Flooring; Craft Tile (quarry tile). Oven; Chambers. Microwave oven; Toshiba. Cooktop; Chambers. Dishwasher; Maytag. Refrigerator; General Electric. Countertops; Franciscan Tile, maple butcher block. Sink; Elkay. Windows; Pella. Lighting; Lightolier (recessed), Robert Long (chandelier). Hot water dispenser; In-Sink-Erator. Skylight; O'Keefe. Cabinet pulls; Baldwin.

Page 64—Cabinets; white oak. Flooring; red oak. Cooktop; Chambers. Hood; Thermador. Dishwasher; KitchenAid. Trash compactor; KitchenAid. Countertops; Tilecraft 4x4 tile. Sink; Elkay. Windows; Pella, Russo (custom windows). Lighting; Prescolite. Faucet; Delta. Cabinet pulls; Baldwin.

Page 65—Cabinets; white oak. Flooring; red oak. Oven; Jenn-Air. Cooktop; Jenn-Air. Dishwasher; KitchenAid. Trash compactor; KitchenAid. Refrigerator; Admiral. Countertops; Dillon Atlantist Tile. Sink; Elkay. Windows; Russo (custom). Lighting; Lightolier. Hot water dispenser; In-Sink-Erator.

Page 66—Cabinets; birch (painted). Flooring;

red oak. Oven; Chambers. Microwave oven; Quasar. Cooktop; Chambers. Dishwasher; KitchenAid. Trash compactor; Whirlpool. Refrigerator; General Electric. Countertops; maple butcher block, Italia Croce Blue tile. Sink; Commercial Enameling. Windows; Pella. Lighting; Lightolier (recessed and track). Hot water dispenser; In-Sink-Erator. Ceiling; hemlock (stained).

Page 67—Cabinets; white oak. Flooring; red oak. Oven; Chambers. Microwave oven; Quasar. Cooktop; Chambers. Dishwasher; KitchenAid. Trash compactor; KitchenAid. Countertops; white Formica®, Fiorano Italian Tile. Sink; Elkay. Windows; Blomberg. Lighting; Lightolier. Grill; Jenn-Air. Backsplash; Amalfi Tile. Cabinet pulls; Omni.

Page 68—*Left*: Flooring; Pirelli (linoleum). Tub surround and tile; Heath Tile. Tub; American Standard. Fittings; Delta (valves), Alson (body shower). Windows; Blomberg. Lighting; Lightolier. Heat lamp; Nutone. Toilet accessories; Huddle. *Right*: Cabinets; birch (painted). Flooring; Tilecraft 8x8. Fittings; Kohler. Lighting; porcelain sockets. Fan/heat lamp; Nutone. Cabinet pulls; Baldwin. Skylight; O'Keefe.

Page 69—Cabinets; cherry. Vanity; American Standard. Flooring; American Olean Tile. Tub; Kohler. Windows; Blomberg. Lighting; Lightolier. Countertops; Amsterdam Tile. Walls; Clear all-heart redwood. Stained beam; fir. Pulls; Baldwin. Skylight; O'Keefe. Ceiling; white oak. Wall; Import Tile. Hardware; Schlage.

CREATIVE IDEAS FOR COMPACT KITCHENS

Pages 70 to 74

Pages 70 and 71—Cabinets; custom. Flooring; slate. Oven; Caloric. Dishwasher; KitchenAid. Sink; Kohler, self-rimming. Lighting; Edison Price. Lighting consultant; Carroll Cline, New York City.

Page 72—Cabinets; custom-made by Sergio Mitnick, New York City. Flooring; quarry tile. Dishwasher; KitchenAid. Refrigerator; Sears. Countertops; Formica®.

Page 73—Cabinets; custom-made of red oak by Alan Gundy of Gramercy Workshops, New York City. Oven (conventional); Crown. Cooktop; Crown. Lighting; industrial fixtures. Lighting consultant; Carroll Cline, New York City.

Page 74—Cabinets; custom-made of walnut by Alan Gundy of Gramercy Workshops, New York City. Flooring; brick. Refrigerator; Sub-Zero. Countertops; Corian®. Rangetop counter; American Olean Tile. Backsplash; plate glass mirror.

WHAT YOU CAN LEARN FROM A KITCHEN DESIGNER

Pages 75 to 79

Page 76—Wall cabinets; St. Charles, "Kent," amber pecan. Base cabinets; Les Care Moda, in french blue. Flooring; pegged oak. Oven;

Thermador combination microwave and conventional. Cooktop; Jenn-Air. Dishwasher; existing KitchenAid. Refrigerator; existing General Electric. Countertops; Formica® in almond. Sink; existing Elkay.

Page 77—Wall cabinets; St. Charles "Milano" in special oak. Base cabinets; St. Charles China white textured steel. Flooring; strip oak. Oven; General Electric. Cooktop; Jenn-Air. Dishwasher; KitchenAid. Refrigerator; Sub-Zero. Countertops; Formica® "White Suede" with oak edge. Sink; Kohler.

Page 78—Cabinets; St. Charles "Bellaire." Flooring; Armstrong "Solarian." Oven; Frigidaire. Dishwasher; existing KitchenAid. Refrigerator; existing. Countertops; white Formica®. Sink; existing.

Page 79—Cabinets; existing Mutschler (spray-painted beige) and new St. Charles "Bellaire LeMans Burgundy Maxigraph." Flooring; GAF Rodeway. Oven; Jenn-Air. Microwave oven; Litton. Dishwasher; Roper. Refrigerator; Whirlpool. Countertops; Formica® "Desert Beige" and Formica® burgundy minigraph. Island countertop; Dupont Corian® in cameo white.

IDEA NOTEBOOK

Pages 80 to 82

Page 80—*Top*: Tile; Franciscan Tile and Monarch Tile. Fittings; Rodiac. Skylight; Lane-Aire Skylights. *Bottom left*: Vanity; Nello-wood. Tile; glazed ceramic tile. Lavatory; American Standard. Fittings; Heritage. Wallpaper; owner-supplied. Countertop; Formica® (custom-made). *Bottom right*: Vanity; Light Year Corp.; Fixtures; Kohler. Wallpaper; Etalage.

Page 81—*Top left*: Tile; Latco with Custom "Ocean Blue" grout. Carpet; Fabrica Natural Wonder in "828 Wedgewood." *Top right*: Cabinets and vanity; Coppes-Napanee Inc. Flooring; Carpet by Callaway. Lavatory; Kohler. Fittings; Kohler. Lighting; Thomas Industries. Wallcovering; "Wisteria" fabric by Waverly. *Bottom*: Vanity; Wilsonart laminated plastic in "Morocco Sand." Tile; Impo "Glaztile" navy 1x1 squares. Fixtures; Kohler, in "Parchment." Wallpaper; Fine Art Wallcovering. Carpet; Sunwest "Nepenthe," in wool white.

Page 82—*Top*: Tile; Franciscan Tile and Monarch Tile. Fittings; Rodiac. Skylight; Lane-Aire Skylights. *Bottom left*: Tile; Florida Tile. Tub; cultured marble. Carpet; "Blue Roses" by L.D. Brinkman. Wallcovering; Schumacher. *Bottom right*: Vanity; Light Year Corp. Tile; Beaver Distributors Inc. Lighting; Lightolier. Mirrors; Al's Glass and Mirrors, Southfield, Mich.

ADDENDUM

Credit Richard Gordon, Freiwald/Gordon Photographers as photographer of photos on page 58, HOUSING, August.

Credit Larry Ross as illustrator for drawings on pages 58, 59, 60, HOUSING, September.

Readers comment: ZPMs, energy standards, etc.

Behind the scenes with ZPMs

HOUSING: The article entitled "Zeroing in on ZPMs" in your June issue contained a good deal of interesting information but, as a builder who has been successfully using this tool for merchandising homes during the past several months, it does not contain one mention at all of the most important consideration from a builder's standpoint. As you know, most builders are not bankers and—except for the very large public firms—cannot afford to take back very much paper and hold it to maturity, which this article suggests. In the real world, most builders, particularly smaller builders, will arrange to sell their paper so that they will be funded from an investor as soon as possible after the closing with their customer.

Inasmuch as zero-interest loans . . . have yields that are far below current market yields, it is necessary for the builder to be knowledgeable enough to be able to compute in advance how many dollars he will receive for his no-interest loan when he sells the loan to an investor who will be expecting to receive a yield commensurate with current market conditions.

For example, a \$60,000, five-year no-interest loan on which an investor is looking to receive an 18% yield will bring the builder \$39,380.27 or 65.63 percent of the face amount of the loan. Should interest rates decline and the investor's yield drop to 16% on the next similar loan that he sells, he will receive \$41,121.71 for his \$60,000 mortgage, which is 68.54 percent of his original mortgage. With discounts amounting to approximately one-third or more of the value of the mortgage, it is obvious that the more down payment the builder receives in 100 cent dollars, the better the deal he can make with his customer. In the case of zero-interest loans we, too, increase the price of the home commensurate with the percentage of down payment. We endeavor, in each deal, to maintain the same gross margin in dollars (albeit a greatly reduced gross from that of a couple of years ago!).

In our own case we find that we need not increase the purchase price of the house if a customer puts down 63 percent or more. If the buyer puts down 50 percent for example, the purchase price is increased by 5 percent; 40 percent down results in a purchase price increase of 9.5 percent and 30 percent down (the smallest down payment that we will accept under this program) results in an increase of 13 percent.

We could just as easily market our homes with a seven-year no-interest program, but discounts are even higher, which would make the deals all the more difficult to put together and the discount bite on the builder more onerous. For

example, on the same \$60,000 mortgage cited above, in order to yield 18% to an investor, the builder would have to be willing to sell the loan for \$33,984.74, thus absorbing a total discount of \$26,000—almost half the amount of the mortgage!

There is no question that some builders will opt to carry a certain number of loans to maturity and will thus spread their profit over a long term. But if they fail to recognize the actual diminished value of the paper they hold, their future profits will be illusory.

We also offer several other instruments, including a seven-year level-payment mortgage with a balloon at the end of seven years, at rates varying from 10.5% to 13 $\frac{3}{8}$ %—again depending upon the amount of the down payment on any particular transaction. Similarly, we offer ten-year self-amortizing level-payment loans from 10 $\frac{1}{2}$ % to 13%, the amount of cash down payment being the determining factor. In each case, these have been worked backward to the value of the mortgage when sold to an investor at a current yield, and the only germane number—to one builder at least—is the discounted value of the mortgage.

JOHN A. ARBIB, vice president
Pasadena Homes Inc.
(Pinebrook Division)
Pembroke Pines, Fla.

Legal postscript

HOUSING: On page 14 of your July, 1981 issue, you reported on the decision of a Dade County jury in the *Trianon Park Condominium Association v. City of Hialeah* case holding the City of Hialeah liable for negligent building inspections. . . . The Florida Third District Court of Appeals has just announced its opinion sustaining the finding of liability on the part of the City of Hialeah.

This case is the first appellate decision in the State of Florida holding a city liable for negligent building inspections. The decision should have the effect of forcing building departments around the state to more stringently enforce the provisions of their applicable building code and to insure that buildings are constructed in accordance with the plans and specifications for a project. As a result of the more stringent inspections, the quality of construction in the state should improve dramatically, thereby making buildings safer and more structurally sound.

ALAN E. TANNENBAUM
Becker, Poliakoff & Streifeld, P.A.
Ft. Lauderdale, Fla.

Tired interiors

HOUSING: After all this time, why do you continue to publish pictures like that in the upper right-hand corner of page 31 of the July, 1982 issue?

. . . Aside from the telltale oval lava-

tories, the ever-popular steps to the bathtub and the eight plants visible in the picture, all of which make this obviously an '80s picture (or possibly '60s), the wallpaper and the general level of imagination might just as well be from a 1937 *Better Homes and Gardens*.

I know you are capable of better—for instance the HMX-1. Why must you trot out these tired old re-treads?

PHILIP ATCHISON AIA
Denver, Colo.

Energy standards aren't affordable

HOUSING: The new residential energy standards which have been approved by the State of California and which are slated to take effect in July, 1982, leave serious doubt in the minds of many architects and other professionals as to the "cost effectiveness" of the program with respect to providing basic, necessary, housing in this state.

. . . There was the original cost and design shock of the 1978 energy standard, which we have finally begun to absorb as standard costs and features. These standards made an immediate impact on energy consumption, yet the new standards will have the opposite effect. They will add nothing but more consumer-directed construction costs and less affordable housing. The touted energy savings are presently, therefore, theoretical and unqualified.

I think that no one will dispute the fact that the future of housing will be smaller, higher-density multifamily units. . . . Yet very small units need a higher proportion of natural light than 14 percent window area to make them habitable, to give the illusion of space, to visually expand tight areas onto decks and balconies.

. . . If you ever have to live in a 900 sq. ft., north-facing unit, with 14 percent glazing, especially during winter, you will soon realize that *much more energy will be consumed* leaving the light on all day because of lack of daylight, than will be saved by over-designing for heat-loss. And what about the psychological effect of very little outside view? Were psychologists questioned? . . . I believe that if more residential design architects had been questioned and fewer "energy consultants," these standards would be more realistic regarding their effect on living space and the quality of life.

THOMAS MENSER AIA
Thomas Menser Associates
Long Beach, Calif.

We invite your reaction to the views expressed on these pages—or to anything else that affects your interests and those of the housing industry. Write to: Natalie Gerardi, Editor in Chief, HOUSING, 1221 Ave. of the Americas, New York, N.Y. 10020. Due to space limitations we reserve the right to edit any letters that we publish.

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