

Designs on saving money

Careful planning yields healthy bottom line

By Bendix Anderson

Brooklyn, N.Y. — With the economy in recession and housing starts finally dropping, architects and developers are expecting better deals from their contractors. "Possession of the whip will change hands," predicted Patrick Kennedy, owner of Panoramic Interests in Berkeley, Calif.

But not yet. It costs just as much today to build large multifamily projects as it did a year ago, according to disappointed builders like Kennedy. Two years ago, an overheated economy drove construction costs up 10% to 15%. With demand uncertain and costs still at boom-time levels, builders are working harder than ever to add value to their buildings without breaking their budgets.

Good design and solid workmanship are probably the least expensive addition to a project. "A lot of this is time and desire," said Cindy Harden, an architect with Harden Van Arnem in New York City. For example, an attractive color scheme doesn't cost any more than one based on institutional colors.

"The paint store will have to mix the paint no matter what you pick,"

Harden said. "You might as well choose something nice."

Spending more in the right places can improve a building without much expense.

In the lobby at Harden's almost complete 545 Warren Street co-ops, Harden used a combination of porcelain and ceramic tiles.

The fancy tiles, which she calls "just as beautiful as stone," cost \$9 to \$10 a square foot to purchase and install, compared to \$7 for the more standard ceramic tile used in lower traffic areas of the building.

Harden also matched a historic neighborhood of century-old town homes without breaking her budget.

She used high-quality but less expensive details like a fiberglass cornice piece, which cost \$250 a linear foot and ran for 100 feet compared to \$350 to \$400 a foot for a wooden or metal cornice.

Also, though she used brick on the front of the building costing \$35 a square foot, she used split-faced blocks costing \$20 a square foot on the back and side of the building, covering about 6,500 square feet.

Split-faced blocks, a relative of the cinder block, commonly grace the sides of



This historic-looking building in Brooklyn, N.Y., is actually brand new. Cindy Harden designed her Warren Street development to match a historic neighborhood with cost-saving, old-fashioned details like a fiberglass cornice and pre-cast concrete lintels. (Photo: Bendix Anderson)

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strip malls and outlet stores. But Harden matched her blocks to her building by carefully choosing their color and the color of the mortar.

"Doing some research, there are some nice materials that you can locate and purchase without compromising the look," said Anthony Frustaci, of Bruno Frustaci Contracting, Inc., the contractor for the project.

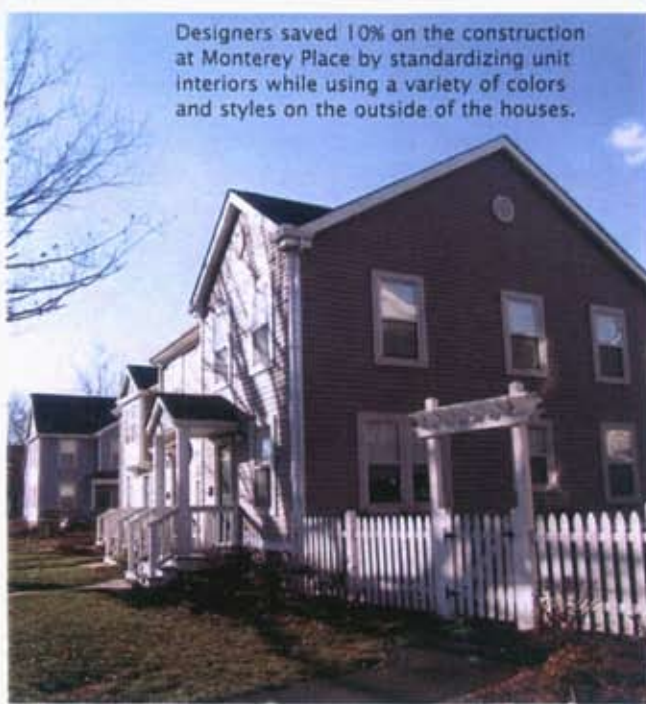
Budget-saving ideas

Meanwhile, in New Haven, Hugh Russell of Russell Scott Steedle & Capone Architects Inc. of Cambridge, Mass., cut perhaps 10% off his construction costs at his Monterey Place HOPE VI redevelopment by making the interiors of his units as similar as possible, especially the kitchens and bathrooms. "From the plumber or electricians' point of view, they're the same building," Russell said. "Every time you do something different, a whole set of people have to learn how to do it."

Accomplishing these goals is easier with the right people to help. "You have to have the right architect," Harden said. She warns developers to set the architect's fee early in the process and watch out for additional services. "Be sure that everything you need them to do is included in the fee," Harden said.

Harden also warns against using contractors to build luxury apartments. Instead, find a few economical candidates who are familiar with the type of construction planned for the project. Call them in for an interview and make sure they are comfortable with the materials and techniques planned for the site. Visit projects they have worked on and talk to their past clients. Taking a little time to find a good, flexible contractor can save a huge amount of money and grief later on.

Kennedy has a different method for getting the most out of his buildings. As a member of the Congress of New Urbanism, you wouldn't expect Kennedy to skimp on space in his mixed-income developments in Berkeley. However, he



Designers saved 10% on the construction at Monterey Place by standardizing unit interiors while using a variety of colors and styles on the outside of the houses.

proudly offers 600-square-foot two-bedroom apartments. Compare that to the 1,000-square-foot two-bedroom units that many developers build.

But of the more than 150 apartments that Kennedy owns and manages in Berkeley, not a single one is vacant. Kennedy rents 20% of his units to low-income tenants, the rest are market-rate.

"Just as we used to be a gas guzzling culture, we are now a space guzzling culture," Kennedy said.

He makes up for his small apartment sizes with beautiful common spaces, like a 5,000-square-foot rooftop garden, which only cost him \$20 a square foot to build. He also includes 9- or preferably 10-foot ceilings and large windows, which together add perhaps 4% to the cost of building.

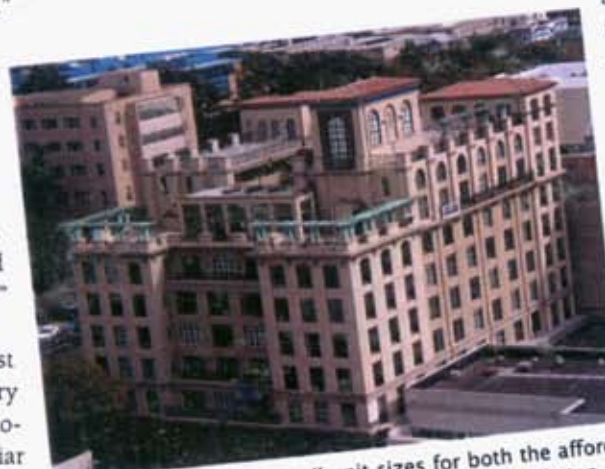
He also takes great care in designing the rooms his tenants will live in. He compares them to ship cabins, in which spaces serve multiple purposes and no space is wasted.

Kennedy's small unit sizes "definitely raised some eyebrows" at HUD when he recently negotiated with the agency to build under its 221(d)(4) program. Talks are ongoing.

A modular view

Another architect is creating single-family and duplex homes with modular construction. The latest generation of modular, or manufactured, housing has come a long way from its ancestor, the mobile home. Alfreda Radzicki of Gruzen Samton Architects, Planners & Interior Designers, LLP, is working on 120 scattered-site modular houses at her Edgemere project in the Rockaway neighborhood of Queens in New York.

These homes will rise up to three stories high, a recent advance for manufactured housing. Edgemere's three-story duplex homes, which each have a rental unit on the first



Patrick Kennedy uses small unit sizes for both the affordable and market-rate units in his Gaia Building. His tenants seem happy: Kennedy currently has zero vacancies.

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board feet. Canadian imports constitute 30% of the lumber used to build low-rise homes in the United States. Last year the U.S. imported \$6.38 billion worth of Canadian lumber, according to the Commerce Department.

The federal government levied the tariffs following heavy lobbying in April by the U.S. Coalition for Fair Lumber Imports, a group representing domestic mills. The coalition said that the Canadian government has "a complex scheme of timber management, which artificially encourages production ... and fixes timber prices bureaucratically at about one-fourth to one-third, on average, of its true market value."

Several union groups and domestic lumber companies banded together with the Coalition for Fair Lumber Imports to petition for the tariffs. Tariff proponents include the United Brotherhood of Carpenters and Joiners, Allied Industrial, Chemical and Energy Workers International Union, Moose River Lumber Co., Shearer Lumber Products, Shuqualak Lumber Co., and Tolleson Lumber Co. Their request that the Commerce Department curb Canada's competition with the domestic industry followed the expiration of a previous five-year agreement between the governments on imported lumber charges.

Those in favor of raising the cost of Canadian lumber are powerful. The Commerce Department responded favorably to the petition for tariffs only after it determined that the sponsoring groups comprised the majority of domestic softwood lumber producers that compete with Canadian producers. The Commerce Department found that 67% of the softwood lumber-producing industry supports the petition.

Leaders speak out

In addition to NAHB, Home Depot and several lumber dealers who oppose the jacked-up Canadian lumber costs, more than 100 congressional legislators recently sponsored a resolution calling for free lumber trade between the United States and Canada. Their resolution is also in line with

Cost-saving design

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floor, will come to the site in three pieces from the Brooklyn factory of Hudson Co., the project's developer. A flatbed truck will carry the pieces, each measuring 20 feet by 41.5 feet by 10 feet tall. A crane will stack the three floors one on top of the other.

The units will come complete with heating, plumbing and even carpets. Once at the site, exterior details like porches, stoops and canopies will go on the buildings. "They're each going to have a different character," Radzicki.

Radzicki is working hard on the site plan to create an interesting community. The neighborhood's zoning requires too much space around a building to arrange the buildings as townhomes. Instead, Radzicki can arrange the buildings to seem less like tract housing and more like individual houses.

Budget tips

While the tariffs will likely have an effect on the cost of building and remodeling no matter what, NAHB's Michael Carliner gave these tips for keeping construction budgets from spiraling out of control.

- First of all, to avoid being caught off guard while planning a job in this volatile market, Carliner advised, "lock in the price, or plan for the possibility of price increases."
- Second, make sure to buy the right size timber for the job to prevent ending up with unusable materials.
- Third, be careful about substituting materials, such as using steel studs instead of wood studs, or limiting the use of Canadian lumber.

This last point is a warning against compromising stability, which brings its own long-run costs. Carliner said the NAHB is researching alternative and more efficient uses of lumber. However, substituting materials, he said, "is an extreme step," and he mainly advises against it.

President Bush's Oct. 31 comments in Geneva in support of dropping barriers to free trade.

According to the New York Times, Canadian lumber producers intend to appeal the Commerce Department's tariff decisions in court and make use of the dispute-settlement provisions of the North American Free Trade Agreement and the World Trade Organization. The Canadian lumber producers hit with the antidumping duty are Canfor, Abitibi-Consolidated, Tembec, West Fraser Timber, Slocan Forest Products and Weyerhaeuser's Canadian unit.

The last 1996 trade arrangement between the U.S. and Canada, the 1996 U.S.-Canada Softwood Lumber Trade Agreement, which set up a quota system to impose restrictions on lumber imports, expired in March when its five-year term was up. The Commerce Department is scheduled to set final tariffs in late March, and the International Trade Administration will follow with its decision 45 days later. ■

In addition, the buildings are sided with a cementitious board, which can be painted a variety of colors.

When pressed, Radzicki admits that there are sharp limits to how much each home can be customized. "There's not a huge amount you can do with these things." However, in her experience, the buyers of houses like these take great pride in ownership and take good care of their homes.

The real savings to the development comes in the speed with which these homes are made. "They can push out two houses a day," at the Hudson factory, according to Radzicki.

The duplex units will sell to first-time home buyers for \$225,000 a piece. Each duplex home will receive a \$50,000 subsidy from the city's Partnership for New Homes and Neighborhood Builder Programs. ■

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