



# 6

## CASE STUDIES



Lexington Communities, Raleigh, NC.



#### LEXINGTON COMMUNITIES

In 1993, Pulte Home Corporation, then the nation's largest builder of site-constructed homes, decided that it could no longer overlook the growth of the manufactured home industry's share of the market. By then, HUD-Code manufactured homes claimed 25% of the new single family home market in the U.S.

After evaluating alternative opportunities within the industry, Pulte chose to merely substitute manufactured homes for site-built homes for this project. The selection of property, the development standards, the home designs, and the marketing and finance would all conform to Pulte's usual practices.

About two dozen metropolitan areas were evaluated for the first development, and Raleigh, North Carolina, was selected. The area satisfied more key requirements than any other, including market strength, availability of forward-thinking manufacturers, and Pulte's existing presence in the region. The property itself was chosen after a search of dozens of candidate parcels in Wake and Durham Counties. Located in Apex, a suburb of Raleigh, the land was within a very short commute of the area's famous Research Triangle Park. The influx of highly paid employees in the pharmaceutical, technical, medical, and environmental science industries had driven local home prices out of the reach of many area residents.

The first phase of the property was developed into 77 lots, averaging about 10,000 square feet each—standard for residential development in the Raleigh-Durham market. Street widths, grading, drainage, setbacks, and other criteria were the same as if site-built homes were to be constructed there.

In early 1994, R-Anell Custom Homes, Inc., of Denver, North Carolina, was selected to produce the homes for Pulte.

(In December 1998, R-Anell Custom Homes, Inc., was acquired by American Homestar Corp., of League City, Texas.)

A key minimum standard for Pulte was that the homes achieve architectural compatibility with site-built homes in the surrounding neighborhoods. This played a pivotal role in obtaining approvals from the Apex Town Council to develop the manufactured home community. North

Carolina still does not have favorable laws respecting the right to place visually harmonious manufactured homes in site-built home neighborhoods. For this development, a zoning ordinance was obtained that allowed manufactured housing within a specific residential zoning district if certain design requirements were met.

Extensive efforts were made to hide the "mobile home look" and blend the home, garage, foundation, and site together with materials, dimensions, and proportions that were common to site-built homes. Early specification choices included a hinged roof yielding a 5-in-12 roof pitch, integrated porch roof extensions, and the use of three-section homes ("triplewides"). The smallest details were reviewed and approved by Pulte.

For the interiors, Pulte chose R-Anell's top cabinet system and required that all interior surfaces be standard taped, textured, and painted dry-wall. Floor plans and construction elements were a hybrid of R-Anell's existing designs modified by Pulte's features, which had proven successful in its site-built subdivisions around the country.

Initially, four floor plans, each consisting of three sections, were developed. The square footages ranged from 1,815 to 2,166, with three and four bedrooms, and two baths. Especially unique for the manufactured housing industry were the entry foyers and dining rooms brought by Pulte, as well as unusual placement of the home sections themselves. By placing various sections in offsetting and perpendicular arrangements, privacy and interesting room relationships resulted.

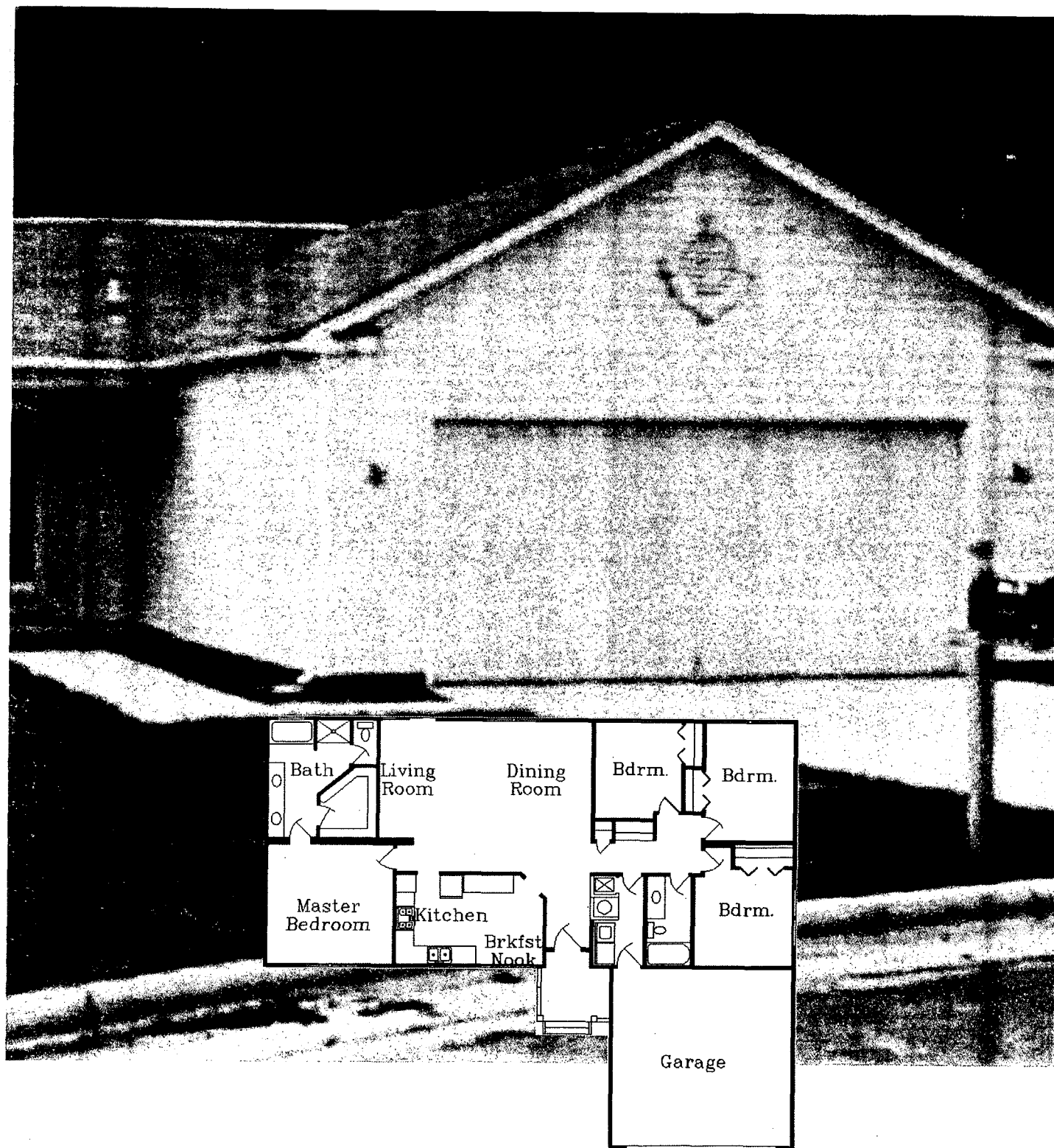
Smaller, two-section homes were added to the lineup. These are the more common, "doublewide" configurations in which each section is the same size and the home assumes a rectangular shape (excluding the garage).

Lexington opened in July 1995. Prices ranged from \$94,900 for a 1,439 square foot, two-section home with three bedrooms and two baths, to \$126,900 for the largest home—a four bedroom, two bath, three-section model with 2,166 square feet.

A supply agreement had been negotiated with R-Anell to deliver five homes per month, which the project was estimated to need. In its final pricing decisions, Pulte planned to stay slightly



Lexington Communities, Raleigh, NC. Photo by Steve Hullibarger, The Home Team



under the comparable site-built market. As a result, sales took off immediately, and the sales manager reported that the sold backlog had reached almost 50 within three months. By October, 1995, prices were raised \$6,000 to \$8,000 per model, and sales began to match the planned production, delivery, and finishing rates.

By October, 1996, the project was nearly completed, and was acclaimed during a tour by the attendees of the Manufactured Housing Institute's seminar, "Developing Residential Property with Manufactured Homes," held in Raleigh. Since then, developers from around the country have visited the subdivision to see what can be done when focused and flexible developers and manufacturers get together to push the envelope of manufactured housing.

#### **Housing type**

Single family detached homes.

#### **Technology and Design**

##### *Manufactured Components*

Double- and triple-section homes

##### *On-site work*

Perimeter foundations, attached one- and two-car garages, porches

##### *Traditional home features*

Trim detailing, porch design, steep roof pitch

#### **Project size**

77 lots

#### **Zoning**

Manufactured housing allowed by meeting certain design criteria

#### **Inspection coordination:**

Manufacturer's DAPIA and IPIA, Town of Apex, State of North Carolina

#### **Housing Price**

\$94,900 to \$126,900

#### **Financing**

Conventional mortgages

#### **Developer**

Canterbury Communities

A subsidiary of Pulte Home Corporation

#### **Manufacturer**

R-Anell Custom Homes, Inc.

#### **Manufacturer's comment**

We learned that buyers that would shop site-built housing and purchase manufactured housing in the same price range if it is properly designed and sited.

## NEW COLONY VILLAGE

New Colony Village, slated to contain 416 units averaging 1,300 square feet, is designed to compete with conventional subdivisions. The designs match the architectural style prevalent in the mid-Atlantic region. The homes are one- and two-story HUD-Code units over basements, with porches and garages.

The 52-acre site is located about 25 miles from Washington, D.C. To preserve the open feeling of the site, while creating a density of approximately 10 homes per acre, the homes are grouped in "pods" along narrow streets, with common areas throughout. The narrow streets are less expensive to build than wide ones typically found in suburban developments, as are the shared sewer connections between two homes. In Howard County, Maryland, a typical 1,500-square foot, single-family detached home with three bedrooms and two baths averages around \$190,000. Homes at New Colony Village are \$109,000 to \$132,000 — prices more in line with area townhouses.

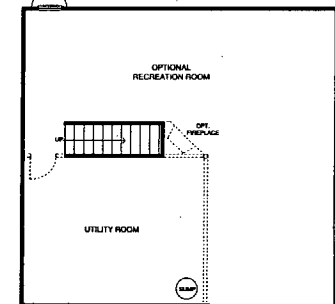
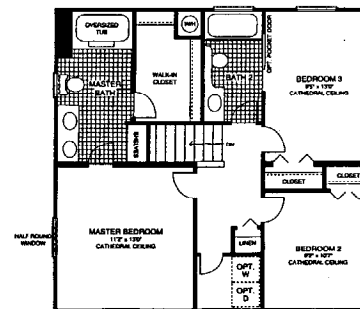
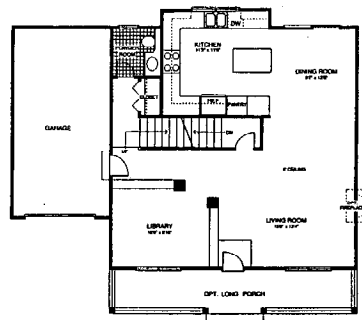
New Colony Village offers five floor plans: four two-story models and a one-story model marketed to the elderly and empty-nesters. Among the space configuration choices are roommate suites, ground floors with two-car garages or a one-car garage plus family room, a ground floor with two bedrooms, or one bedroom and a family room. A two-bedroom model has the option of a site-built third bedroom or family room above the garage. Because stairs are not covered by the HUD-Code, they are built to the local code, as are the attached garages and other on-site work.

Designers maximized all available space by using areas under stairwells for shelving or optional cabinetry. Homeowners can opt for in-wall media niches for TVs and stereo components that generally require space-consuming furniture. One model has an entry foyer that steps down to a Great Room, divided by a knee-wall that features a mini-bookcase. The developers held focus groups to determine what homeowners desired as standard features in the homes. As a result, such items as white cabinets, white-on-white appliances, garage door openers, and cabinet and vanity hardware are standard.

For privacy, the garage side of every home



New Colony Village, Elkridge, MD.





has limited window space, similar to the designs used in zero-lot line homes. To create privacy without blocking light, the builders used clerestory windows.

New Colony Village units use an integral chassis where the 2 x 10 floor joists are doubled at the perimeter, eliminating the typical steel chassis. Hitches, axle, and wheel assemblies are removable. When the module arrives on site, a crane lifts the home and detaches the axle, wheels, and hitch, and the module is ready to stack. Each two-story home is comprised of four modules. For maximum curb appeal, mate lines were disguised by incorporating connections into architectural elements. To free-up space on the main floors, the furnace is installed in the basement, a practice borrowed from modular home construction.

Neighborhood amenities include jogging trails and a large recreation center with a fireplace lounge area, a multi-sport court, and adult and children's pools.

#### **Housing Type**

Single-family detached

#### **Technology and Design**

*Manufactured components*

Two-story stacked HUD-Code units, some single-story units

*On-site work*

Perimeter foundation basements; porches and garages

*Traditional home features*

Varied window sizes and snap-in mullion patterns, steep roof pitch, gable-end entry

#### **Project Size**

416 units

#### **Zoning**

Manufactured home park

#### **Inspection coordination**

IPIA inspected the HVAC, local building inspection of foundation, porch and garages

#### **Housing Price**

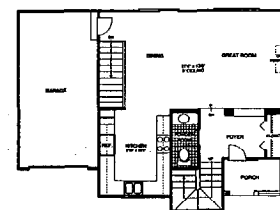
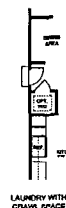
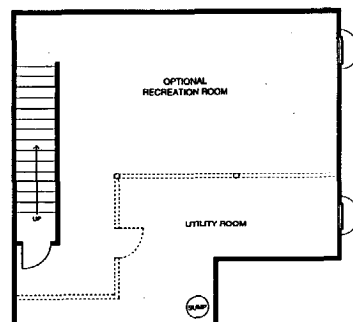
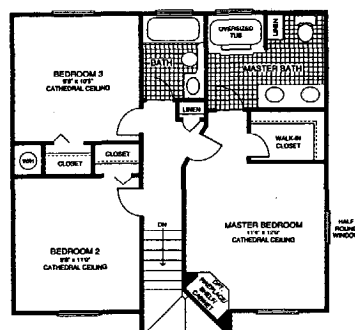
\$109,000 to \$132,000

#### **Financing**

50-year leases allow for conventional 30-year mortgages

#### **Manufacturer**

Schult Homes Corp.





**Developer**

Corridor 1 LLP

**Designers**

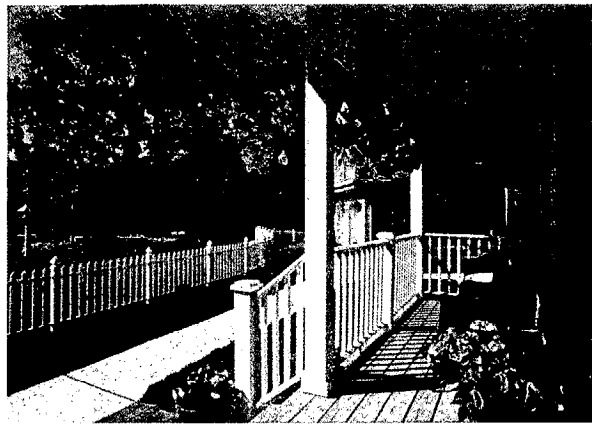
Hackworth Architecture-Planning

**Manufacturer's Comments**

Coordinate on design issues right from the beginning, bring all the technical and design people from the manufacturing and developing teams together at one table— it will save time and money in the end.

**Developers Comments**

The biggest difficulty encountered on this project was the limited options for financing available to the buyers. FHA Title 1 needs to have lower interest rates and a higher loan limit, or FHA Title 2 needs to be available for land-lease communities, for these types of developments to be more successful.



Front porches at New Colony Village.

