

ATLANTA

BUILDING NEWS



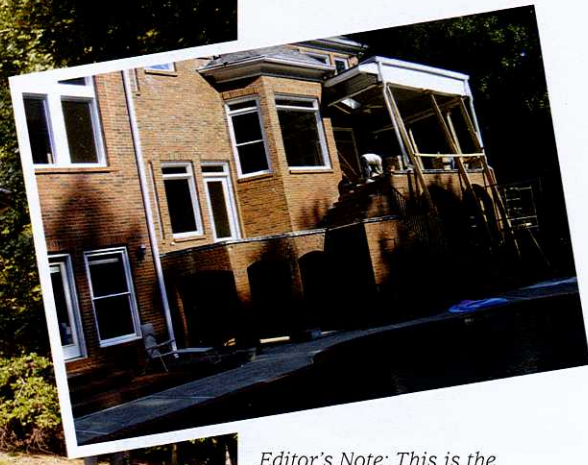
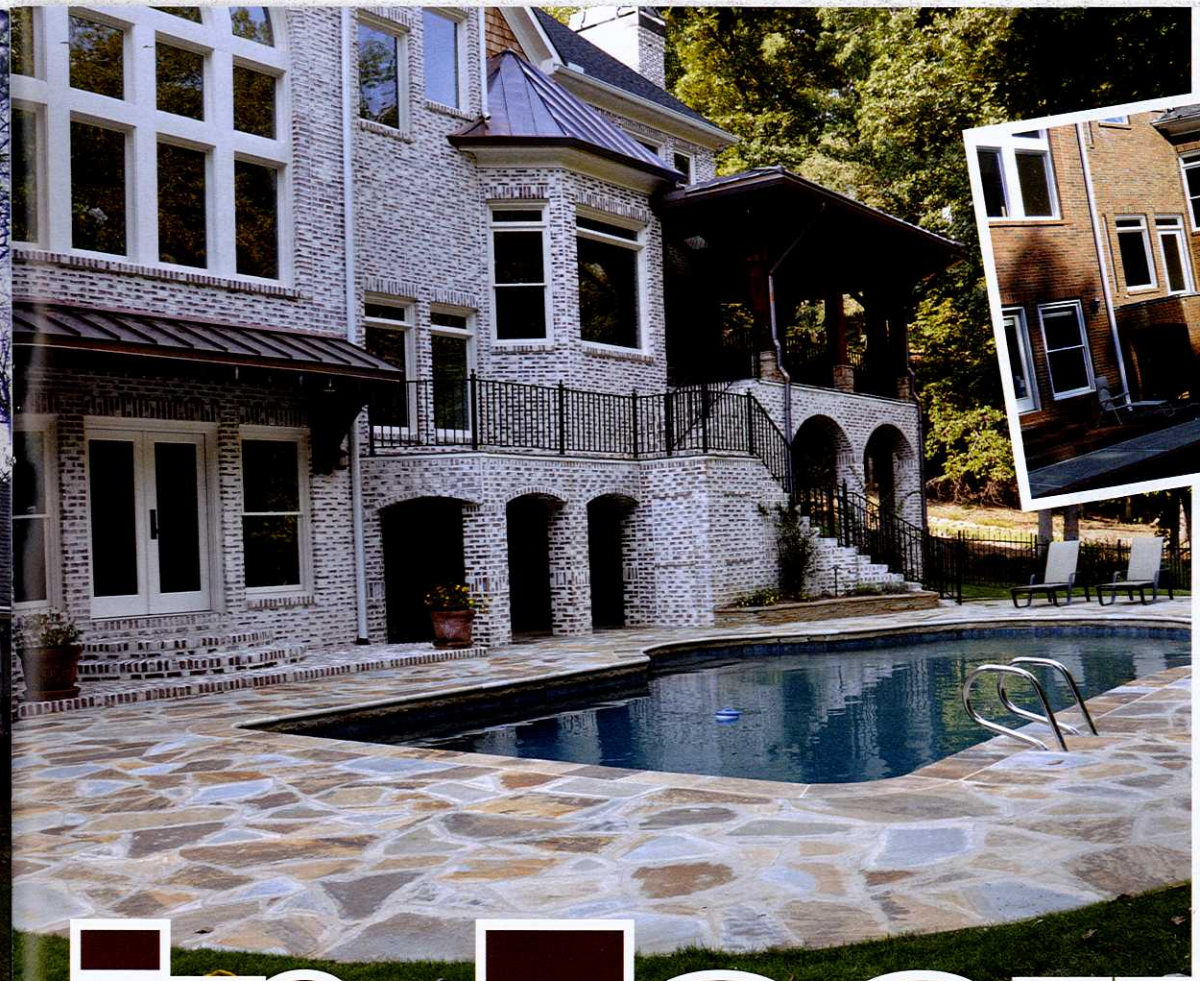
A Change in Focus

**New Cost/Value Expectations =
New Challenges for Remodelers**



Limitations on Right to Repair Act
HomeAid Partners with Walmart for Green Retrofit to Help
Decatur Cooperative Ministry
The SMC Bus is Ready to Roll Again

FEATURE



Editor's Note: This is the second of a two-part series focusing on remodeling and the changes some GAHBA member businesses have made to make the most of a trend toward staying put and improving over moving and starting over. The first part of the story appeared in the Spring issue of Atlanta Building News.

A Change in Focus

By Elsbeth W. Russell

While many builders have welcomed increases in their remodeling business as new home construction has waned, new consumer expectations for cost and value have also created new challenges for them to face.

Builders are turning to continuing education classes to stay on top of new trends that allow for improvements in efficiency without a loss of quality. At the same time, they're reexamining their business practices and the way they work with supplier and sub-contractors. Builders are also taking part in government programs and incentives that allow them to pass savings on to consumers.

"We have seen a dramatically increased interest in energy-efficient design," says Rob Myers, the owner and president of Colonnade Custom Builders. "It's not that they want to not spend money. It's that they want to get the most out of every dollar."

MANAGING THE COST

"For contract renovation work, the planning and budgeting phase is critical, as well as helping the client manage their own expectations," explains Jim LaVallee with EpiCity and Epic Development. "We have to look for ways to value engineer the project for our client's benefit, while still maintaining high quality in our finished product. It is easy for the

clients' dream project to outpace their wallet, so helping them stay focused on achieving their initial objectives is also important."

Once a builder knows what his client wants to see, areas of focus LaVallee says are keys to keeping a project costs down are design and managing your supplier and sub-contractors.

Myers — who works in design-build for new custom homes, and also offers renovation and repair work on custom homes — agrees that managing these business relationships is one of the most important areas he and his colleagues at Colonnade have focused on.

"We have been cutting out the middle man whenever possible;





buying materials direct and hiring labor for the install, rather than subcontracting the work," Myers said. "It is more management intensive at our level, but we aren't paying someone else to do what we are capable of doing ourselves. We carefully track costs and negotiate on everything. We need to know we are paying the right prices. We do all of our work using work and purchase orders. We do not commence any work without knowing the total cost."

Managing materials can also be key when it comes to keeping costs down on a project.

LaVallee says he dedicates a lot of time during the planning stages of the construction cycle to figuring out how to maximize the existing home structure when planning out a renovation.

"Not only are we trying to maximize the use of existing framing, hardwood flooring, etc., while

minimizing the use of inefficient framing and other costly features, but we are also trying to be friendly to the environment by not just ripping everything out and tossing it in the dumpster," he says. "Execution of this strategy isn't easy, as everyone on the builders team needs to be cognizant of how old is going to meet new."

But LaVallee also cautions that in some cases, new can be better. For example, replacing older windows rather than reusing the old windows in a remodel generally makes more sense.

"Sometimes attempting to save certain elements is just not cost effective if you have to spend too much money repairing or altering them," LaVallee says.

When you're looking to buy new materials, the builders advise that you keep your budget in mind.

"Select the appropriate material for the price point of the area you are working in, so you don't overbuild,"

Cooper says. "The most expensive product is not always the best choice."

KEEPING IT FRESH

While it's important to stay on track with budgeting, it's also important for builders to be up-to-date on new techniques and industry trends when working on a remodel.

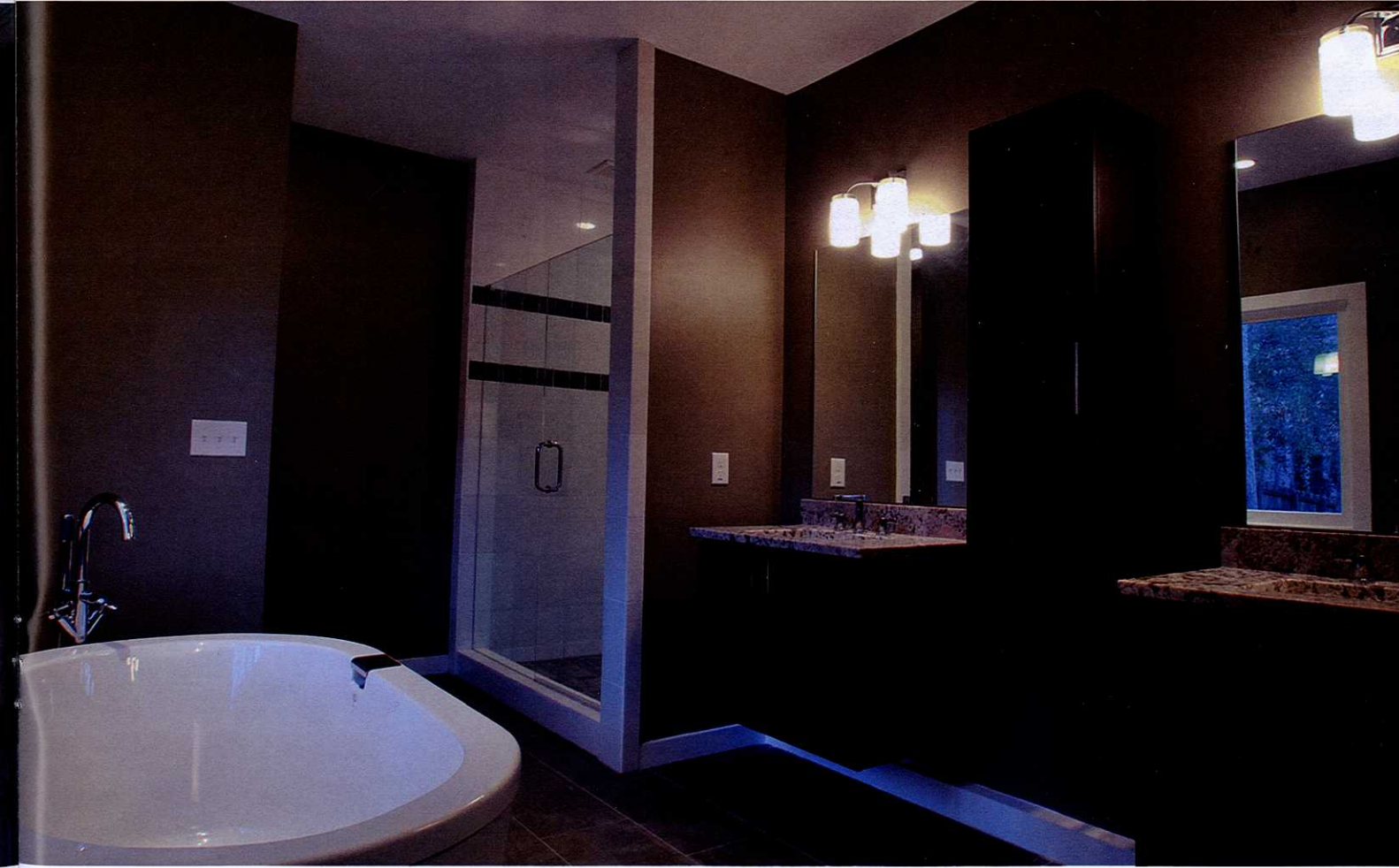
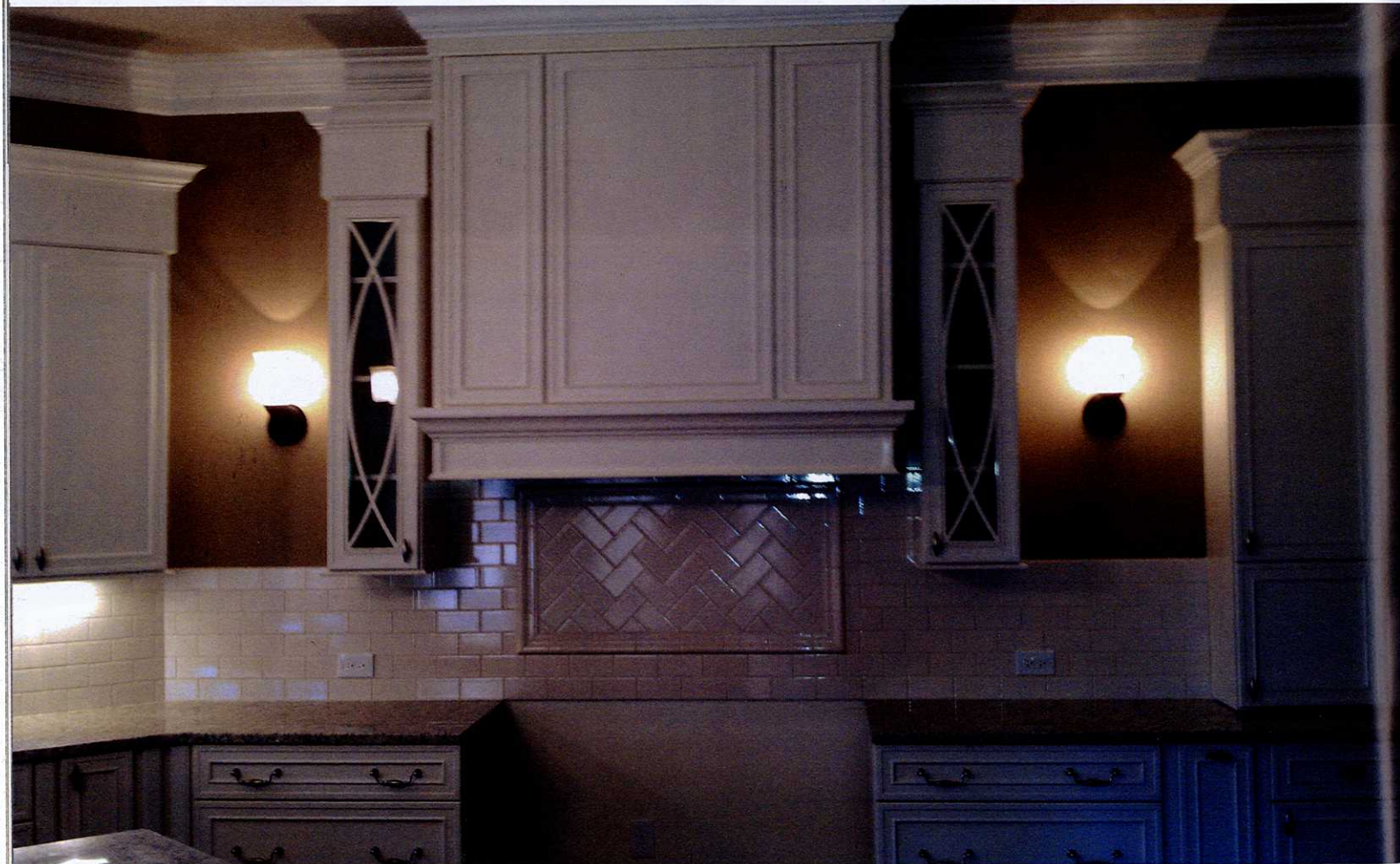
"We attend continuing education classes and meeting at the Greater Atlanta Home Builders Association," says Thomas Cooper, vice president of Cooper Remodeling. "This also helps with networking, learning about the latest products and regulations. We also consult with top suppliers to help keep up with latest trends, which saves everyone money in the long run."

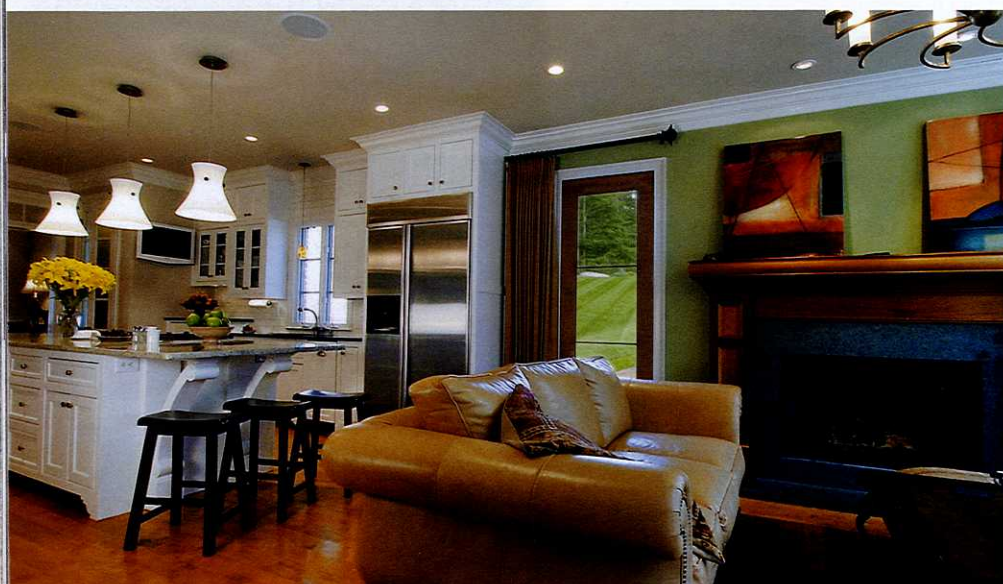
Cooper, who has been building and remodeling in the metro Atlanta area for over 15 years, says "to reduce your own costs, you must know the new building codes and regulations."

"We have become members of Remodelers Council, Green Builders Council, and are on the Board of Directors for the GAHBA, in order to network, learn about new products and learn about what other builders are working on," Cooper added.

Both Myers and LaVallee agree that sharing ideas with other builders can help not only to keep you aware of what's hot in the industry, it can also be a good way to keep your sanity.

"The information available at meetings and through the educational offerings helps us stay on the forefront of industry trends," said LaVallee, who is a member of the Green Building and Remodelers Councils, and regularly attends GAHBA's Builder/Lender/Developer Council meetings. "With the market in such turmoil during the past two years having a network of other professionals to bounce ideas off of has been reassuring."





Some of the top industry trends that these builders see requested most often by consumers are upgrading styles and appliances and making home more energy efficient.

LaVallee says that most initial inquiries involve a combination of a kitchen, a master suite including a bath, or a family room addition.

"As part of the projects they are interested in green features such as tankless water heaters, increasing the efficiency of their HVAC systems and windows, and addressing the adequacy of their current insulation," he says.

For Myers, whose company, Colonnade Enterprises, is both Earthcraft and Energy Star certified, staying up-to-date on the newest

trends in green building is a great way to give consumers what they're looking for.

"We believe the Earthcraft program allows a sensible approach to green building," Myers says. "Earthcraft does not require pricey technology; many of the items are simple common sense practices that let us really show the customer the value in going green."

And that, after all, is what customers are looking for when they choose to start a remodel, rather than moving out and on to a new home.

"Value, value, value," Myers said. "Our customers are willing to spend, but we have to show them where the value is." 🏠

INTERESTED IN REMODELING?

For members interested in remodeling, the Greater Atlanta Home Builders Association has a very active Remodelers Council. The Remodelers Council holds informative classes and programs for remodelers throughout the year. Also, Remodelers Council members are featured in *Remodel Atlanta Magazine*. For information on the HBA's Remodelers Council go to the HBA's website at www.AtlantaHomeBuilders.com/councils/Remodelers.cfm or you can contact Janel Grant at jgrant@atlantahomebuilders.com or (678) 775-1446.



Limitations on Right to Repair Act

By Frank O. Brown, Jr.

In *Lumsden v. Williams*, the Georgia Court of Appeals addressed an issue under Georgia's Right to Repair Act. The act is a mandatory alternative dispute resolution process designed to resolve residential construction defect disputes before they reach court or arbitration. In *Lumsden v. Williams*, the buyer of a house provided written notice of alleged construction defects to the builder, but the notice did not comply with "notice of claim" requirements of the act.

When the builder did not respond to the satisfaction of buyer, the buyer made some remedial repair, at least some of which the buyer contended were necessary to lessen damages to the house. The buyer then sued the builder.

The builder responded with a motion to dismiss the lawsuit for the buyer's failure to provide the notice of claim as required by the act. Consistent with the terms of the act, the trial court did not dismiss the lawsuit, but stayed it pending compliance by the buyer with the act's notice of claim requirements. The plaintiffs then provided a notice of claim. When the parties were unable to resolve their disputes under the act, the lawsuit continued.

The builder then filed a motion for summary judgment on a number of grounds, including that the buyer could not recover damages relating to the

remedial repairs made prior to providing the notice of claim. The trial court granted summary judgment to builder on that basis. Summary judgment meant that, subject to the buyer's right of appeal, the case was over and the builder had no liability to the buyer in the lawsuit.

However, the buyer did appeal and on appeal, the Georgia Court of Appeals reversed the trial court, reasoning that while the remedial repairs may create a jury issue as to any potential damages, they do not justify summary judgment. Significantly, the court added that: "Nothing in the act prevents a potential claimant from taking action to mitigate his losses."

The lesson for builders from the *Lumsden v. Williams* decision of the Georgia Court of Appeals is that, even when a buyer makes repairs (at least those necessary to lessen damages) without first having provided the mandatory notice of claim and even when a buyer files suit without first having provided a mandatory

notice of claim, the builder can still potentially be liable for the costs of those repairs. 🏠

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