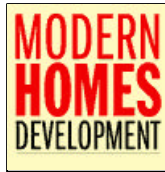




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Noji Gardens Seattle, Washington

Affordable Seattle: How One Developer is Taming the High Cost of Infill Housing

by Steve Hullibarger

Rising prominently from their foundations in Seattle's Rainier Valley, eight HUD-Code homes are the first in Noji Gardens, a new 75-home development by Seattle's premier nonprofit housing corporation, HomeSight. After nearly three years of research and planning with Northwest manufacturers, the homes are finally in place, and they're receiving a warm welcome from the neighborhood.

Project at a Glance	
Type of project	Urban Subdivision
Site area (total)	6.5 acres
Lots (total)	75
Density	12 units/acre
Average lot size	5,000 square feet
Home size	1,300 to 1,400 square feet
Price range	\$155,000 to \$225,000
Type of Homes	two-story 2 and 4 section HUD Code
Opened In	March 2000

Noji Gardens is set to take its place among other innovative manufactured home developments, such as New Colony Village in Elkridge, Md., and Lido Peninsula Resort in Newport Beach, Calif. In addition, the Manufactured Housing Institute's Urban Design Demonstration Project has shepherded new infill homes into Pittsburgh, Louisville, Ky. and Washington, D.C. It's now becoming clear that the manufactured housing industry has cracked open a new market-the result of a lot of effort on the part of

many individuals-pushing the evolution of manufactured housing forward.

Noji Gardens is 4 miles southeast of downtown Seattle and a mile and a half from Lake Washington. Nearby is Boeing's Renton plant, and Microsoft's corporate headquarters are only 10 miles away in Redmond. Naturally, with these economic giants, and others, driving Seattle's economy, one would expect that housing costs would be extremely high and affordable housing would be in great demand, with a short supply.

According to The Seattle Times, King County's 1999 median price of a single-family home was \$234,000, representing a 9.9% increase over the \$213,000 recorded in 1998. These prices have put homeownership beyond the reach of many people. HomeSight's primary objective as a community development corporation is to address and serve the affordable housing market. Where many nonprofits target rental housing, HomeSight prefers to build homes for sale to owners.

Dorothy Lengyel, HomeSight's executive director, had seen manufactured homes in King County and nearby Snohomish County used in developments built by their respective housing authorities. While she was impressed with the savings in time and costs which were demonstrated, she knew that architecturally, the homes needed considerable help in order to blend in comfortably with prevailing neighborhood house styles. It seemed early on that the only acceptable solution for this site was the use of two-story homes. Fortunately, the manufactured housing industry had recently been addressing the two-story issue, and problems were being solved in rapid order. The two-story concept, once thought to be outside the realm of the HUD standards, was becoming viable, if not yet entirely practical or widely available.

Another obstacle, according to Joan Brown, executive director of the Washington Manufactured Housing Association, was that while Seattle had no specific ordinances prohibiting manufactured home placements within its city limits, there were numerous procedural and regulatory steps in place discouraging applicants from seeking the necessary permits for them.

"Once Dorothy Lengyel began to show public officials and housing advocacy groups the benefits from utilizing manufactured housing in such a high cost environment, and how attractive the homes could be, those subtle barriers just disappeared," said Brown.

After evaluating their options in the Northwest,

HomeSight met in Seattle with Walter Wells, CEO of Schult Homes Corporation, a subsidiary of Oakwood Homes Corporation. Wells immediately recognized the setting for a quality development and an opportunity to introduce multi-story homes to the Northwest. On a handshake, the gears were set in motion for Schult's Marlette Division to begin introducing the process of two-story HUD-code production at their Hermiston, Oregon plant.

"HomeSight's Seattle development represented a great way for us to leverage our research and development efforts in the New Colony Village project. We transferred much of our construction technology across the country to our Oregon plant," Wells explained.

Tony To, HomeSight's deputy director, took charge of the project and began a series of coordinating sessions involving the plant, the City of Seattle, the State of Washington Department of Labor and Industry, and local contractors.

"At first, the contractors were concerned for their lack of comprehension as to what their jobs and responsibilities would be related to this totally new construction process," To said. "However, I was able to carefully work through their bid proposals and weed out the excess costs which I determined to be strictly the result of fear of the unknown. The contingencies got eliminated, and the contractors placed a lot of faith in my assurances."

In reviewing his construction costs, To estimates that HomeSight will save 10% to 15% on this first phase, compared to "conventional" building costs. "Even with the mistakes we made and with our learning curve, we are coming out ahead", To said, "and I expect to eventually achieve a cost saving of 25% to 30% after we ramp up our speed and learn from our initial mistakes."



Since HomeSight's costs for site preparation and for the foundations are roughly equal to its site-built home construction, To credits this savings factor to the home itself, from the top of the foundation sill up to the roof. None of the savings are a result of lowered standards, To insists. "We're shooting for the same standards of quality in material and workmanship as we require in our site-built homes."

These savings are a salvation to HomeSight. In recent years, HomeSight had squeezed every penny out of its site-construction costs through efficiencies, which, To says, had pulled \$15,000 to \$20,000 out of the cost of building each home. But those savings were negated in the late 1990's by escalating land, construction and regulatory costs. "We were right back where we started", To said. "Then we started considering manufactured housing. And it's paying off."

Community development corporations like HomeSight must constantly find ways to build more effectively, if they are to provide owner-occupied housing. Many government subsidies currently go toward rentals. Even though HomeSight does much of the work with its own employees, it has "maxed out," utilizing every efficiency it could possibly adopt. Using manufactured housing allows it to bring the factory's built-in efficiencies to the site.

The second major benefit now helping HomeSight in its program is a large savings in time. Prior to beginning Noji Gardens, To was allowing four to five months for the complete construction cycle per home. With labor becoming increasingly scarce, the outlook for recovering some of this time was grim.

HomeSight's first eight homes are being completed in 2 to 3 months, already a dramatic improvement. To figures to have that time down to 30 days per home when he has all of his systems optimized and ratcheted into the manufactured home cycle.

Noji Gardens is selling two basic models from Marlette Homes. First, a four-module dwelling is comprised of two downstairs and two upstairs units measuring 12 feet by 30 feet 4 inches each. The total footprint of this home is 24 feet by 30 feet 4 inches, for a total living area on two levels of more than 1,400 square feet. HomeSight and Marlette will offer several plan variations within this basic structure, with 3 and 4 bedrooms.

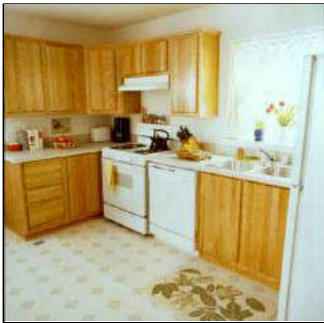
[Click to view floor plan.](#)

The second configuration consists of two modules, each 15 feet 10 inches by 39 feet. One section stacks directly over the other, to create a 3 bedroom, 2 bath home, with an integrated front porch on the first-floor module.

Adding flexibility to the two-section model, HomeSight site builds an adjacent and attached two-story structure to add a first floor garage and bonus room, plus two additional bedrooms on the second level.

Marlette prepares the homes for shipment by wrapping the exterior in temporary plastic sheathing to protect the home from debris and water on the highway. The homes' final exterior surfacing -- horizontal vinyl siding -- is installed by HomeSight once the modules are stacked and interconnected.

To achieve the requisite roof pitch to match homes in the Rainier Valley neighborhood, the manufacturer makes use of a hinged roof design. This technique -- common in the eastern half of the country but rarely used in the west -- permits the home to travel well under statutory highway height limitations [necessitated by bridges, powerlines, and other overhead obstructions], yet be lifted into position on site to result in a full 8/12 roof pitch.



Noji Gardens was named by HomeSight in honor of the Noji family, who operated a nursery, Columbia Greenhouse, on the land beginning in 1918. In 1996, the fourth generation of the family moved Columbia Greenhouse to south King County. Shortly after, HomeSight began

negotiating for the purchase of the Noji property and two adjacent parcels to combine into the 6.5-acre Noji Gardens development.

As is HomeSight's customary practice, neighborhood councils were enrolled in the design and planning stages for the property. While desiring to keep the homes affordable for area residents, the groups also expressed an emphasis on good design to complement the blend of existing homes and Seattle's urban forest setting.

Homes at Noji Gardens will sell for \$155,000 to \$225,000, for 3 and 4 bedroom, 2 bath models containing 1,300 to 1,400 square feet, plus attached garage. Well below King County's median prices, the homes represent excellent value to home buyers of modest means. Further assisting buyers in stretching home purchase dollars, Noji Gardens is located within the City of Seattle's Tax Abatement Area. Up to 54 property owners will be able to defer property taxes on their homes. HomeSight estimates that the approximate \$100 per month in property tax savings is equal to extending the purchasing ability of the homeowner by another \$16,000.

Washington still does not enjoy statewide permitted use of manufactured homes in residentially zoned

areas. But as pioneering developments like Noji Gardens begin to have their effect on public opinion, the other big cities are certain to follow suit and relax the longstanding regulatory barriers to these homes. The cities of Vancouver and Tacoma, for example, still bar HUD-code homes from residential districts. But according to Joan Brown, they're watching Noji Gardens carefully.

The continued efforts on the part of forward-thinking manufacturers to solve some of the issues related to HUD-code construction in urban environments will result in the opening of many new markets for manufactured homes. Once mainly relegated to rural sites or to manufactured home parks, HUD-code homes are increasingly finding their way into America's biggest cities. Two-story designs in particular will help legitimize their use on expensive urban lots, permitting twice the square footage per ground footprint than before. Already, Mike Wolf, Marlette's general manager, reports several additional developments which plan to make full use of these homes. And he's counting on many more.

As these markets begin to reveal themselves, other manufacturers will join in the competitive fray, bringing many more choices and lower pricing to developers-public and private-who can benefit by the use of manufactured housing.

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Floor Plan



Floor plan for the standard three bedroom, two bath model.