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Pigging Out on Home Options

* Granite counters instead of tile? Built-ins galore? For a price, you can have it all as developers offer semi-custom designs so buyers can get what they want.

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Los Angeles Times Tuesday September 2, 1997
Home Edition Life & Style Part E Page 1 View Desk
36 inches; 1251 words

Suzy Newman has lived in her Huntington Beach home 25 years upgrading here and there, but when it came time for that dreaded improvement--a new roof--her husband said he'd rather move. "So I called him on his bluff," said the 54-year-old former city planner who, in October, will move four miles into a new semi-custom home built just to her liking.

The Newmans are just one example of the hundreds of new-home buyers from Valencia to San Diego taking to the semi-custom trend like ceramic to cement.

The concept--a '90s response to a buyers' market--gives buyers of many new homes an unprecedented say in what features will distinguish their homes. The welcome alternative fills the niche between an off-the-rack production house in which builders offer the whopping choice of white or off-white tile, and a custom home, which few buyers can afford. And while developers don't always like the complexity such customization adds to a job, they don't mind the profits.

Regardless of a home's base price, which runs from \$150,000 to \$1 million, buyers are spending an average 10% more to upgrade standard features, builders estimate. To have it their way, they are springing for granite instead of tile counters, maple in place of oak cabinets, elaborate crown molding, ceiling medallions, built-in bookcases, fancy-schmancy flooring, enviable entertainment systems and oh-so custom lighting, among other decorator options.

A trend that took off two years ago in Southern California and shows no signs of slowing, semi-custom homes offer buyers the best of both worlds--value and choice--says industry analyst Pete Reeb, president of Reeb Development Consulting in San Diego.

According to Roy Moffett, vice president of sales and marketing for ColRich Communities, a San Diego builder with developments throughout Riverside County, the trend is a backlash against the late '80s. "The market was going crazy then. If someone didn't like a house the way you built it, you said, 'Fine, go to the end of the line because the next person will buy it.' " Then the tables turned. As buyers, shellshocked from the recession, started to slowly emerge onto the real estate scene, home developers dangled every carrot they could.

You want a fireplace in the doghouse? You got it.

Besides ColRich, other semi-custom players include Toll Brothers of Orange, which has homes in Laguna Niguel, San Juan Capistrano, Coto de Caza, Calabasas, Chino Hills and Yorba Linda, and Polygon Communities Inc. in Irvine, with semi-custom homes in Coto de Caza, Irvine and Huntington Beach.

Reeb, who studies options purchases, has seen a 30% to 50% increase in the amount of money new home buyers are spending on upgrades, compared to just a few years ago. And he sees a deeper meaning in this. "The '90s buyer wants to express individualism, not for the sake of prestige and status, which is what the '80s were about, but to demonstrate who they are."

That expression can occur in several ways: by picking floor plans and lots separately (which not all semi-custom builders allow), by modifying the floor plan and by customizing finishes (which has long existed but grows ever more complex).

Before semi-customization, marrying a floor plan to a lot remained the strict domain of the developer. Toll Brothers was among the first in Southern California to change that. Toll buyers pick their lot, then choose from four or five floor plans. They then choose which architectural style they want on the exterior--provincial Mediterranean and manor are some examples. "The only thing we don't want are two houses alike next to each other," said Jim Boyd, president of Toll Brothers California.

From there, buyers can refine their vision by making structural changes. Love the floor plan, but want a four-car garage? A conservatory off the living room? A bedroom converted to a den? No problem. Today, about one-third of new homes in Southern California allow buyers to adjust floor plans, according to Reeb. Finally, and where the real outrageousness begins, buyers, for a fee, can have just about any finish on any surface.

That versatility is what sold Bob Johnson and his wife, who bought a ColRich home in Lake Elsinore. For \$150,000, the Johnsons bought a 2,000-square-foot home between two lakes. They then added \$17,000 in builder-provided upgrades, which included custom paint, ceiling fans, an office with built-in cabinets and a computer station, French-paned windows, custom bookshelves in the family room, Avonite kitchen counters, maple cabinets and fancier flooring.

What are buyers lusting for? "Everything," said Jeff Jameson, vice president of sales and marketing for Polygon. "Before, buyers' choices were limited to few counter options, mirrored wardrobes and a handful of cabinets, but today they get fixed windows made operable or tinted, custom decks and driveways, fancy counters, upgraded stair rails, extra moldings, another fireplace, custom hearths, a fourth-car garage, a granny room, electrical options galore, stereo sound piped everywhere, professional-level kitchen appliances--hoods, Viking ranges, Sub Zero refrigerators--turbo showers, U-lined wine refrigerators, air filtration, water purification." He stops to breathe, then says, "Well, the customization list is 20 pages long."

Newman, the self-named queen of options in her Polygon development, estimates she's spending \$200,000 above the \$647,000 base price of her home on such features as gold-plated fixtures, granite and marble surfaces, a custom staircase, upgraded air-conditioning ("I wanted an 11-ton unit, because when you're going through menopause, you want your environment to be as close to a freezer as possible"), low-profile toilets, wool Berber Keristan carpet (at \$65 a yard), bordered tile in baths, shutters throughout and stainless steel kitchen appliances. "The opportunity to do this all at once was incredibly appealing," she said.

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She notes that what people get excited about varies by gender: "The guys want media rooms and totally buff garages. The girls want tumbled marble counters and fancy borders in their tile work."

But everyone agrees that granite is hot. At roughly twice the price of tile, it tops the list of upgrades at both Toll Brothers and Polygon. At Toll Brothers in San Juan Capistrano, for example, 90% of the home buyers have picked granite kitchen counters. Up to 75% have at Polygon's community in Huntington Beach. "If they do go with tile, it's patterned tile at a minimum," said Jameson.

Consumers also put their money in cabinets, where the trend in the higher-priced homes is away from light to darker but not too dark woods.

Both Moffett and Jameson say the cherry or Bordeaux cabinets in their models draw raves but few buys. "In the end, people lean toward fruitwood, natural maple or a new color called champagne, which has a goldish tone," said Jameson. Whitewash is passe.

Another thing almost everyone springs for is beefed-up electrical. Jameson recalls one woman who put in 42 additional recessed can lights. Where buyers aren't spending as much, notes Boyd, is in built-ins. "People figure they'll hire a carpenter for that after they move in."

All this involvement really enhances buyer bonding, say builders, adding that buyers come weekly if not daily to visit their project.

Builders concede that the number of options multiplied by 30 or 40 homes going in at once--added to the fact that information must travel from customer to salesperson to project manager to subcontractor--leaves a wide margin for error.

Saroya Williamson, who is watching her home evolve in San Juan Capistrano, says. "It's sort of right hand, left hand." She told of a case where she'd gotten a price quote of \$3,400 to build a particular desk in a kitchen nook, and her neighbor-to-be was quoted \$3,000 a week later for the same desk.

Responding to this frustration, builders gathered at the Specialty Contractor Council meeting in San Diego recently to discuss "Home Buyer Options--Are They Driving You Crazy Too?"

Besides guaranteeing the job gets done right, builders offer hefty warranties. Plus, buyers like the benefit of rolling the cost of upgrades into their home loan and financing it at a low, deductible interest rate. All of which makes builder upgrades so irresistible--except to thriftier buyers, who still go outside the system to save on big-ticket items.

In general, said industry analyst Reeb, buyers are better off to buy the physical changes to the house--like room additions and fireplaces--from the builder and to buy appliances direct. For example, a built-in Monogram refrigerator through Toll Brothers costs \$5,000; you can buy the same refrigerator direct from Pacific Sales for \$2,900. But most markups are more modest.

"The house is costing more than we expected," said Williamson, "but we still think it's a good value."

Newman looks at it this way: "My next house is a condo 6 feet down, so I want this one right."

PHOTO: (...)

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HOMEOWNERS
DESIGN
REMODELING
HOUSING SALES
TRENDS