

By Kate Carsella, Associate Editor

## MARKETING

# Marketing Modular to Consumers

Modular homes are taking a while to catch on with buyers, but the Modular Home Builders Association (MHBA) wants to boost that effort. The association's Consumer Awareness Program (CAP) is "the only industry-wide, collaborative marketing program for the modular home builder network," says Tom Hardiman, executive director of the Modular Building Institute.

The collaborative marketing approach involves sharing information and resources among builders, manufacturers, consumers, and the MHBA to broaden and increase brand awareness for the home building industry and to educate consumers. Creating a mutually beneficial relationship among buyers, builders, and the MHBA is one of the program's key features.

Builders taking part in CAP have access to the CAP Dashboard, a tool that tracks website traffic, information requests, and page views. Builders are also able to promote their homes via the CAP online gallery and can gain access to updated CAP marketing materials.

Through CAP, the MHBA is focusing on educating homebuyers about the benefits of modular homes. The website provides a variety of resources, including sample floor plans, a tool for finding local modular builders, and an option to request an estimate for a home. In turn, such user activity is later quantified and made accessible to modular builders.

MHBA manufacturer members voluntarily add \$10 per module (box or floor) to builder invoices for each new home. According to Hardiman, this



adds roughly \$40 to \$50 to the total cost of a typical 2,500-square-foot home. The added funds are then allocated to the MHBA for program funding.

To promote transparency, the MHBA includes a separate line item in its board-reviewed financial statements for all CAP revenue and expenses. CAP activities are presented at the MHBA's annual business meeting. Hardiman says that about half of all 28 MHBA member manufacturers currently remit funds to the MHBA each month. Moving forward, the organization is looking for more member engagement.

"Many of our members are regional home builders without large marketing budgets," Hardiman says. "By collaborating with MHBA, builders can use professionally developed messaging, rather than hiring their own PR firm."

## DEMOGRAPHICS

# Taking Stock of Income Segregation

Income segregation is a growing problem affecting the U.S. housing market. Millennials are leaving urban cores for more affordable areas, and they're also migrating away from rural markets still grappling with post-recession decline.

Tech hubs and the biggest U.S. metros often attract Millennials, with an abundance of employment opportunities and vibrant cultural activities. Yet these

areas are plagued by what urban studies theorist Richard Florida describes as "rising inequality, deepening economic segregation, and increasingly unaffordable housing." These factors contribute to the inability of Millennials who wish to become first-time homebuyers to purchase homes there.

Yet a 2017 housing report from Harvard University's Joint Center for Housing Studies found that growing income segregation isn't limited to urban areas. Data show that the fastest growth of high-poverty neighborhoods in the U.S. was in rural communities. The housing crisis uniquely affected rural markets due to these areas' geographic and economic isolation. Rural residents are facing diminishing populations and property values, lenders withdrawing investment from communities, and growing unit vacancy.

Such changes may cause a reconstruction of urban, suburban, and rural housing markets and economies, redrawing the boundaries of purchasing power and demographic areas. Millennials are increasingly drawn to the edges of suburbia for affordable housing, a strong sense of community, and lifestyle amenities. Demographer and urban planner Dowell Myers concluded in a 2016 report that U.S. cities are currently hitting "peak Millennial," resulting in a new suburban wave. This wave could signal a redrafting of the housing map and local economies, which could in turn include a transformation of homebuyer needs.

The Housing Assistance Council, a national nonprofit, says that rural mortgage markets are sharply affected by high-cost and subprime loans as well. The concentration of high-cost loans may hamper a rural market's ability to grow and sustain value. In addition, employment opportunities, particularly high-paying positions, are harder to come by in rural areas, diminishing a community's appeal and potential for financial stability.

AFFORDABLE HOUSING

## Denver Initiative

A new Denver housing initiative is using the supply of unoccupied rental units as an answer to the city's affordability problem. Responding both to vacancy rates and rising rents, the two-year pilot program is being implemented to generate immediate affordable housing options.

The Lower Income Voucher Equity Program, LIVE Denver, is the result of a public-private partnership with local businesses, foundations, and the City of Denver to connect vacant rental units with qualifying working families and individuals. Eligible renters must earn

between 40 to 80 percent of area median income. For individuals, the annual income range is between \$23,520 and \$47,040; for a family of four, it's between \$33,560 and \$67,120. Participants pay 35 percent of gross household income toward rent, and the program fund pays the balance.

Each month, LIVE sets aside 5 percent of the monthly rent payment in an escrow savings account on behalf of the participant, who will receive the saved amount, excluding any unpaid liens, upon exiting the program.

According to RealPage, a property management services company, the national apartment occupancy rate was 95.1 percent at the end of Q4 2017, the same share that existed at the end of Q4 2016. Meanwhile, Denver County

had the highest rental vacancy rate in Colorado: 6.8 percent in Q3 2017. A new report from the Apartment Association of Metro Denver and the Denver Housing Authority attributes this to Denver's stream of new apartments gaining certificates of occupancy in the urban core and new apartment complexes being built. It's anticipated that this trend will continue. Despite the growing overall metro vacancy share, Denver rents didn't decline.

DESIGN

## Health and Wellness

A recent report by the American Society

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[MARKET UPDATE]

of Interior Designers (ASID) offers a call to action, stating that new designers are in a better position than ever before to embrace health and wellness in the built world and, according to ASID Honorary Fellow Susan Szenasy, to “fully realize the empathy that interior designers have always sought to achieve.”

The report points out that the design industry has long been aware of the power of well-being, citing, as an example, the creation in the 1990s of the U.S. Green Building Council’s (USGBC) Leadership in Energy and Environmental Design (LEED) rating system. Currently the USGBC’s efforts are concentrated on resilient design, as a result of the growing intensity and frequency of natural disasters.

A marriage of tech and wellness can be seen in projects emphasizing environmentally friendly, gentle lighting. While LED lights have grown in popularity, offering programmable control, energy savings, and waste reduction, the report points out that the light provided by LEDs may not be as beneficial for circadian rhythms as other lighting options. According to the report, more clients are now interested in lighting that allows them to “sync” with nature.

Designers’ and architects’ software, often created by the designers themselves, dovetails with the sensibilities of newer generations of designers who are considered tech natives. The report says younger designers are searching for “meaning and connectivity” in their work and for their clients. Younger designers may be

in a position to instruct their mentors on new avenues for integrating digital technology into the industry and into their own creative expression.

**CORRECTION**

The section about foundation damp-proofing versus waterproofing in the article “Warm, Dry Basements in Cold Climates,” March 2018, *Professional Builder*, page 20, described the asphalt coating required on the foundation to reduce moisture absorption from damp or wet soil. Coating thicknesses were incorrectly listed as 10 mm and 40 mm, respectively; they should be 10 mil and 40 mil. We regret the error. **PB**



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