

New Homes Often Need As Many Fixes As Older Ones

By Broderick Perkins

Tony Sudol, a commercial construction project manager, bought a home in Gilroy, Calif., in the Creekside development, but the walls and ceilings bowed, a stove and air conditioner weren't installed and roof shingles and tiles needed replacement -among three dozen problems.

In the posh, gated Silver Creek Valley Country Club in San Jose, Calif., a \$360,000 condo came with intermittent electricity, incomplete plumbing and problems so severe the owner hired an attorney.

Michael Lorenz, a General Electric project manager, was unable to move into his home in the Deer Park community of Gilroy after the city closed it until the builder corrected grading, crumbling streets and other problems.

"I've never been so stressed out in my life," said Lorenz, after losing time from work and spending an extra \$1,000 to store his personal property during the move-in wait.

The growing list goes on.

Problems you'd expect to find in older houses are more and more often turning newly built dream homes into nightmares. And consumer experts say buyers who shell out hundreds of thousands of dollars to buy new homes to avoid problems found in older houses ought to change the way they buy.

Built with state-of-the art technology, design and materials; appliances with higher energy efficiency ratings; warranties; and options, new homes are often considered, dollar-for-dollar, a better value than older ones.

Yet, even builders concede today's new homes are built with assembly line speed, without the quality control found in, say, new car production. And most buyers don't take the time to give them a professional once-over while they are built.

Housing starts are nearing boom-time levels achieved before the last recession. But while builders are enjoying the demand side of the latest economic boom, they can't find enough qualified craftspeople to help them meet that demand.

When California's real estate market crashed, building crafts-people scrambled for Las Vegas, Phoenix, Denver and other housing boomtowns, never to come back. With them went good construction industry site supervisors and customer service people. So quality control suffered.

"Yes, I've seen an increase in warranty claims. Generally speaking, I have seen a problem with a decrease in the quality of construction," says John Bremond, president of the Monterey Division of Kaufman and Broad, California's leading homebuilder.

Half of the 20 or so calls received by the national non-profit United Homeowners Association are about problems with new homes, says Albert Clark, UHA vice president.

"No home is 100 percent defect-free. If you've put \$300,000 worth of anything together, you are going to have problems," Clark says.

Because of the quality problems, Kaufman and Broad recently faced mobs of unhappy new homeowners waving lists of defects in both Gilroy and Scotts Valley.

"I guess it's normal that these kinds of problems exist, but not one that I condone or one that this company stands for. 'Where Trust is Built' is our slogan, and we do all we can to have home buyers trust in us to make sure they have a good experience," said Bremond.

Homebuyers may be too trustworthy. Generally unaware of the problems plaguing the home-building industry, buyers assume a new home, like a new car, will be relatively defect-free.

In their rush to own, they simply don't take the time to scrutinize a new home like most buyers do when they purchase a resale home.

Shea Homes offers customers four opportunities to inspect the homes they are about to buy: when the framing is complete; when the tile is installed; two weeks before the home is finished; and a final walk-through. Only 50 percent of the company's customers bother to inspect homes, said Reid Gustafson, president of Shea Homes Northern California.

Considering a home's cost and the many systems that can go wrong, that's alarming consumer behavior say the experts. Older houses have had time to yield telltale red flags, but new homes haven't stood the test of time. Unless someone examines the construction in progress, while the builders are still on the site and can expedite necessary repairs, defects often go unnoticed until the deal is closed. By then builders have moved on to the next development and, too often, customer service - also plagued by a shortage of good help - becomes the only link to a solution.

Defects could remain hidden for years.

"Then, it's like looking for broken bones without an X-ray machine," said Ned Van Valkenburgh, head of the new non-profit California Center for Quality Home Construction in Capitola.

"A really qualified inspector is pretty expensive, but if home buyers were organized, they could share the expense," said Van Valkenburgh, who founded the volunteer-staffed center earlier this year after hearing an increasing number of "a varieties of horror stories."

Some consumers also believe inspections should be the job of public building inspectors from the development jurisdictions. Forget about it. Building inspectors are looking for code compliance problems, and they don't always catch them.

"The city is responsible for inspecting a house, but only up to a point," says Norm Allen, Gilroy's director of community development. "Occasionally, we'll miss something and we'll go back to

the developers to get them to try to fix it. We inspect the functionality of things. We don't look that close at what's called 'fit and finish'," or cosmetic defects.

In Scotts Valley's Sky Park community, new home buyers found scores of cosmetic "fit and finish" defects - as many as 68 in one home - and became so irate that they asked the town's city council to intercede. Kaufman & Broad later fired a construction supervisor and customer service representative for not living up to the company's 5 ideals.

"The building industry hasn't reached that level of perfection yet. A home has thousands of pieces. Obviously, stuff will go wrong," says Alan Fields, who along with Denise Fields wrote "Your New House" (Publishers Group West, \$13.95), a handbook for new home buyers.

Alan Fields says buyers' perception that all is well is because those who find problems aren't apt to talk about them. Several buyers interviewed for this story later asked that their names not be used. After several months of wrangling with builders, they had finally received service and didn't want to raise the builders' hackles.

"One of every three new homes has serious problems - code violations or something that was definitely not built to plans. Builders will say only 1 or 2 percent. My feeling is that this problem is largely hidden. When you buy a new home that's a lemon, you've got your life savings in this and you are not likely to advertise it," said Fields.

Private home inspectors agree with city inspectors. They say the few new homes they do inspect yield primarily cosmetic problems that are found nationwide in all types of new homes.

To prepare a case against the builder, Sudol and several other homeowners hired Monterey, Calif.-based home inspector Allan Lewis, co-founder of the San Jose chapter of the American Home Inspection Society.

Lewis said there were some claims the builder should have addressed in a more timely manner, but what he found didn't lead him to believe the builder was any worse than any other new home developer.

"Individuals have a certain quality perception because they've never had a professional to teach them what it's really like. The detailing may not have been the highest, but it had nothing to do with anything that would fail. What I found would have very little value in a lawsuit. It was mostly cosmetic," Lewis said.

Tell that to homeowners fuming over as many as 60 or more "cosmetic" defects in a home, or to the homeowner who can't use the toilet in a new \$360,000 condo, or to the buyer who can't move into his new house because the streets don't work.

If technology exists to put a scooter on Mars, why can't homebuilders build better homes? "The builder takes on too much work; they don't take on quality crews. It's like a team using the third or fourth string in a pre-season game. In boom times, people are in a hurry to buy. It's a recipe for disaster," says Fields.

