



Smart HomeOwner

Modular Vacation Homes

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A busy couple lives in Atlanta and wants to build a ski house in Telluride, Colo. They would like to be on the slopes for the coming ski season, but their busy lives prevent them from traveling to and from Colorado on a regular basis to follow up on the progress of their house. For this couple, modular construction just may be the ideal solution.

On an initial trip to Colorado, they could meet with a builder and plan the house, and return several months later to watch the modular units being set on the site. And since the foundation and site work can be completed while the house is being constructed, there's a good chance the house could be finished before the season's first snowstorm.

Mountain Modular

Second-home ownership is one of the fastest growing segments of the real estate industry. People are investing in homes near the mountains, the coast and in recreational and resort areas. According to the National Association of REALTORS, sales of vacation homes have grown substantially in the past few years, accounting for 12 percent of all homes purchased in 2005 (the most recent year for which data is available). Of course, not all those homes were new builds or single-family homes. But for those homeowners who are considering building their own vacation homes, modular construction is an option worth exploring.

Charlie Pelkey, owner and president of Timber Creek Homes, a Stratton, Neb.-based builder of modular homes, says that about 20 percent of the homes his company builds are second homes in such popular Rocky Mountain resort areas as Telluride, Breckenridge, Vail and Steamboat Springs, Colo. Some of his clients are building vacation homes with the idea of using them as full-time residences upon retirement, he notes, while others who are still years from retirement are able to spend more time in their vacation homes, thanks to the flexibility afforded by such modern communication devices as notebook computers, cell phones, Blackberries and wireless networks, enabling the homeowners to work remotely.

Modular construction is an ideal method for building homes in Colorado's resort areas because there's a short building season, from May through November, after which the snow is too deep and the cost of snow removal is prohibitive for homebuilding, Pelkey says. Traditional home construction can take place only during this six-month snow-free window,

whereas modular construction can continue throughout the year, since the majority of the building takes place in factories that are protected from the outside environment.

One of the major problems for site builders in resort and vacation areas, Pelkey explains, is that costs for skilled labor are high and resources are scarce. By building the modular units in factories located in areas where labor is cheaper, and then trucking the units to building sites, Timber Creek is able to keep costs down. Also, by building in the controlled environment of a factory, the company can ensure a high build quality, construct the units efficiently and control waste recycling.

Timber Creek builds modular homes in California, Nevada, New Mexico, Kansas, Montana, South Dakota and Wyoming, as well as Colorado and Nebraska. A variety of home styles are available, including Traditional, Mountain Rustic, Contemporary and Southwestern styles. The company also builds custom homes.

Coastal Building

Epoch Homes, a modular home manufacturer based in Pembroke, N.H., builds about 15 to 20 percent of its houses as second homes, primarily in coastal vacation areas such as Cape Cod, Martha's Vineyard and Nantucket, as well as around Lake Winnepesaukee in New Hampshire. Like the ski areas of Colorado, the vacation areas where Epoch builds have a shortage of materials and skilled labor, making the available labor very costly. When building in these locations, it's easier to bring in the modular sections of a house by barge or flatbed truck than to get workers to travel to building sites and ship materials there.

In addition, notes Dave Wrocklage, vice president of sales and marketing for Epoch, "With modular construction, we are able to stay on schedule and work through weather conditions that would prevent stick builders from completing their houses."

Epoch modular homes are available in a variety of New England-inspired designs, including capes and colonials. Multi-family homes and custom homes are also available. Like many modular companies today, Epoch offers a 10-year limited warranty on its houses.

Haven Homes, a modular builder with two factories in Pennsylvania and one in South Carolina, builds houses in such coastal vacation areas as the Hamptons in New York, the New Jersey shore and the Florida panhandle. Steve Bassett, executive vice president of **Haven Homes**, says that because modular construction is inherently strong and durable, his houses can endure the corrosive, punishing environment close to the shore.

Also, because the units of a modular home are built in the protected environment of a factory and the houses are closed up quickly on site, there is less chance of mold developing, which is a particularly serious problem in houses built close to the water.

Bassett notes that customers who want to build quickly are attracted to his company, since the modular units can be built in a factory in a matter of weeks. The homes are delivered to

the site 85 percent complete and are assembled (or set) in a matter of hours. In addition, the homes are Energy Star approved, and are well insulated and house-wrapped to virtually eliminate air infiltration, which helps lower heating and cooling bills.

Haven Homes are available in a wide range of styles, including vacation-home designs such as the Adirondack, the Blue Ridge, the Pocono and the Rock Harbor. The company can deliver homes to locales in 20 states in the eastern U.S., from New Hampshire to Florida.

Nationwide Homes, a modular builder based in Martinsville, Va., with other facilities in Arabi, Ga., and Siler City, N.C., also builds second homes or vacation homes in resort and recreation areas. One growing market for Nationwide is the Florida Keys, where codes require homes to be built to handle up to 175-mph winds. Nationwide has also built modular homes in such vacation locations as Myrtle Beach and Charleston, S.C., and the Outer Banks of North Carolina.

Modular construction offers prospective homeowners "a controlled budget, a faster construction time and typically a higher level of quality than what may otherwise be available," says James Seekford, the company's vice president of sales and marketing. Nationwide sells its modular homes through authorized builders in 14 southern, southeastern and Mid-Atlantic States, from Ohio and Pennsylvania to Florida.

Costs and Other Factors

By opting for modular construction, homeowners can usually save anywhere from 15 to 20 percent on the cost of the house for a number of reasons. Modular manufacturers purchase their materials in bulk, which helps reduce building costs. Also, many of the factories are in locations where labor is less expensive than in the resort areas where the houses are built, resulting in further savings. In addition, the cost of waste removal is substantially reduced, along with the high cost of pilferage that can occur on site. These expenses are reduced for the builder and in turn are passed along to the homeowner.

Because of these factors, and the fact that house plans are finalized before construction begins, it is easier to predict the final cost of a modular home, so there are no surprises after the house is built. In addition, with modular construction there are no change orders, which can substantially increase the cost of many stick-built houses.

There is also a better chance of locking-in a mortgage rate more quickly, since the house will be completed in a shorter period of time. Often with stick building, the homeowner plans to build the home at a particular mortgage rate, but by the time the house is complete, that rate has substantially increased, adding to the carrying costs for the house. The reduced construction time of modular homes makes it easier to more accurately predict what the interest rate will be on the mortgage. This is a benefit for homeowners who are building a vacation home on a tight budget.

Of course, there also can be a savings on travel costs, especially if the vacation home is

being built at some distance from a homeowner's primary residence. Rather than shuttling to the construction site frequently, as is often required with stick building, the homeowner can plan the house with the manufacturer and then visit the building site on a prearranged date, when the house is to be set. The homeowner will arrive to undoubtedly watch in awe as, one by one, the modular units are lifted by a crane and set on the foundation. Usually, it takes just a day or two to assemble all the units into a house that will be 80- to 90-percent complete.

The time it takes to complete the site work will vary, depending on the amount of work that has been done in the factory and how much has to be finished on site. Some homeowners opt to have most of the interior and exterior work done on site while others prefer to have the factory complete this work. If components such as kitchens, bathrooms and trim are installed at the factory, the amount of on-site work will be reduced, and the homeowner can move in sooner.

As far as the on-site work is concerned, many modular builders can recommend a local builder, and often a manufacturer-approved or authorized builder, who is reliable and familiar with local building codes. This is especially helpful when building a vacation home in a remote or resort location, where it is difficult for the homeowner to monitor the building process.

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