



It's that time again! We've had an exciting time in the last couple of months dealing with hurricanes and evacuations. But overall, I thank God for sparing us from the full fury of a major storm. I am extremely optimistic about the future of our industry. It seems that there is a silver lining behind all of these tragic events.

First of all, I am convinced that the oil business is going to continue to flourish and create jobs in the Houston area. In addition, most "experts" that I have spoken with predict at least 100,000 displaced persons from New Orleans will remain in Houston. We have all seen the distorted news clips that show nothing but crime and looting in the devastated areas. But what we don't see is all of the people who evacuated before Katrina made landfall. I have met numerous professionals (doctors, attorneys, engineers, etc.) who have decided to make Houston their new home. I have also had the good fortune to meet many tradesmen who have experience in all aspects of residential construction.

Eventually, many people will return to their homes in Louisiana. But until the infrastructure there is repaired, these folks will need jobs. This may be a good time to search for alternatives to our existing trade base. A little competition is good for all of us. Please keep in mind the magnitude of the destruction that has occurred. Even if residential spaces could be built at a rate of 50,000 units per year, it would still take 6 years to replace the lost housing in New Orleans. This figure does not include the housing that was lost in other areas of Louisiana.



Windstorm Issues

It appears that all of the windstorm engineering companies in Texas have been under-designing the residential structures. In a recent audit by the Texas Department of Insurance, it was determined that we were using the wrong exposure classification.

In the past, most structures were considered category "B" exposure. Category "B" assumes a wooded area or a densely populated subdivision where there is some protection from wind through terrain or other level objects. The TDI has determined that all structures should be classified as exposure category "C". Category "C" exposure assumes flat open areas with limited protection from wind. Most engineers and municipalities use exposure "B" calculations with new subdivisions, with the knowledge that when the subdivision is complete, it will qualify as exposure "B". However, the TDI does not recognize the concept of designing for the completed project. Their point of view is that the structure must be designed for the exposure that exists at the time of construction.

What does this mean to you? The bottom line is that the cost of building in the TDI program is going up. In a preliminary analysis, we found that a two story structure could have up to \$3000.00 in additional material costs. In a time where material costs are increasing daily this is the last thing our industry needs. Please understand that as long as the TDI controls the insurance pricing in windstorm areas, they will also control the construction methods. Therefore, I have no choice but to comply with their requests. The change to exposure "C" designs will begin November 1st and will affect all construction within the areas controlled by the TDI.



Congratulations

I witnessed many crazy things during the hurricane Rita scare. It took me more than two hours to drive the 10 miles to my home on Thursday

before the projected strike. There were folks stranded along the highways and side roads in every direction. But I have never been so proud of our industry overall than during these times. I saw builders canceling their plans in order to stay and secure their properties. There were numerous cases of builders and suppliers who opened the doors of their businesses as shelters for their employees and others. We live in a time where doing something nice for someone can end up getting you sued. Most other industries fled and closed their doors (i.e. gas station and grocery stores). That is why I just wanted to say thanks to those who stayed and took the lead in preparing for the storm. Sometimes it takes courage to do the right thing.



Energy

The cost of energy is rising, but are you taking steps to reduce energy consumption in your homes? It is my humble opinion that builders who do not build energy efficient homes will have a hard time competing in the marketplace. By this time next year energy efficiency will be one of the most important considerations for new home buyers. The Energy Star logo has become the most widely recognized symbol for energy efficiency. When builders subscribe to this method of energy compliance they get a verified energy efficient product with great name recognition.

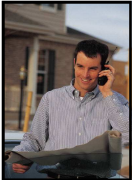
That is why I'm convinced that Energy Star is currently the best method of energy code compliance for builders.



Kudos

The City of Houston called and thanked our team for its design of the foundation grounding systems. They have asked to plagiarize our details to provide to other engineering firms. I would like to thank Jim Seaman and John Schneringer for their work on this project.

Neal Patrick just completed the curriculum for "Construction 101". This is an intensive class that will be presented at the GHBA beginning November 4th of this year. The class is four days long and there will be numerous teachers with all aspects of construction expertise. This class is a perfect "crash course" for those who have been in the business for a short time. There will be classroom time as well as some hands on field trips. Everyone is invited. Please contact the GHBA for more information.



Housekeeping

Please remember to call in all inspections before 3:30 pm. This policy was put into place in order to provide better service to you. When calls come in late, it is very difficult to fit the orders into the schedule.

The Better Home Show



I would like to take a moment to thank you for your support of the radio show. I get calls of encouragement every week along with some constructive criticism. I appreciate both. It was never my intention to give up my Saturdays with my family and drive to a studio each week. But after doing this for two years now, I think it was worth it. The show's ratings have grown steadily in each of the last four quarters, while the competing shows have seen decreased ratings. The show has also expanded into San Antonio, Phoenix and Las Vegas. I attribute the success of the show to our commitment to tell the truth. I'm proud to have friends like you who hold me to that commitment.

When preparing the show topics each week, I struggle to bring information to the public that is relevant. I believe that when buyers are informed, they will always choose the right products. I also believe that Houston has the best home builders in the nation. Like any other industry there are some bad apples, but most of the folks I deal with build great homes. I have no problem being the radio voice for builders who consistently do things right.

Unfortunately, it cost a ton of money to keep the show on the air and I am always looking for good sponsors. We won't take advertisers whose products aren't good, so it makes it a little harder to find financial support. One of the good things about advertising on The Better Home Show is the quality of the listeners. We have a smaller audience than Howard Stern, but our listeners spend money. In a recent study, we found our listeners to be 50% male and 50% female. The average age of our listener is 38 years old. It is also a well educated audience with an average household income of \$73,500. This market works well if you are selling homes or building products. If you want to market to the 15 to 23 year old males – stick with Howard Stern. If you like the idea of targeting people who will buy your products, then give me a call.

Please let me know where you stand on these issues, Thanks,
Dale Phillips C.B.O.
dale@dpis.com