

## **The Intersection: Regional Economics & Litigation Risk Management**

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**Yessiree Bob, ...we have 35,591,000 people in California and still counting!**

It is reported that California grew by almost 600,000 people last year, with the single largest contribution coming from natural birth. At the same time numerous growth control related proposals are flooding out of Sacramento, including SB 898, AB 496, AB 497, AB 1015, and AB 1268.

That sacred "American Dream" (owning our own single family home with a large lot covered in turf ...watered with help from Colorado) is our version of reality. This is, in actuality, a very unique vision. If you will, we are on a collision course with our own destiny.

### **What Bubble?**

The regional economics of housing supply and demand, with marginal pricing changes driven by demographics, employment growth or decline and interest rates...are factors not controllable in Sacramento. While politically popular, growth control programs have been largely unsuccessful since the early seventies when they were first implemented. These policies constrain supply and increase prices. An alternative approach is perhaps warranted. One that gives the invisible hand of Adam Smith, a noted economist of the 1700's, a high five salute by letting the market forces run their natural course.

We need only look to other progressive communities where physical land constraints and creative development policies have helped shape a new urban frontier. The resulting land utilization patterns reflect and benefit those who live in these newly blossoming villages. Look no further than the Historic Gas Lamp District in San Diego, water-locked San Francisco's Marina or Pacific Heights or China Basin, Seattleites on Queen Anne Hill or at the Pike Place Market, or Boston's Italian North End or Back Bay, Philadelphia's historic downtown or Denver's "LoDo" or Dallas's "Deep Elm". The list goes on and on...great examples of new urban creations. A renaissance of place names with uniquely distinguished identities, and of course, greater housing supply and creatively packaged designs.

OK, so how do we get there? The secret of knowing where you are going and which direction to travel is to first recognize where you are!

### **Build It Up and They Will Come**

An important part of our road map is SB800. This has produced a new foundation of tools which are presently being tested in the marketplace: new functionality standards, new fix-it first opportunities, and imparting the obligation for homeowner maintenance.

By successfully testing and implementing viable alternatives, we have seen numerous building system improvements that give confidence to build at higher densities with creative designs, drawing from our understanding of both courageous successes and painful experiences in the past. Building pedestrian scale livable villages in an urban environment is challenging but rewarding.

## **BUILDING SYSTEM IMPROVEMENTS**

### **ROOFING SYSTEMS**

For example, we have seen roofing systems designed with stainless steel or copper gutters and downspouts. We have seen integral deck drains with secondary overflows designed to cascade into cobblestone courtyards with old world charm. Sub-surface water drains then tie this run-off into public storm drainage systems. These systems are very critical with the increased lot coverage, which in turn increases the run-off from storm events.

### **FLASHING SYSTEMS**

We have seen improved flashing systems that include waterproof-like products such as Bituthene, Future Flash, Grace Ice & Water Shield, Vycor Plus, etc. Utilized as moisture barriers on exposed horizontal and sloped surfaces, around windows, and in other vulnerable areas, these materials help to keep the water out. Secondly, sheet metal dam flashing under sliders (to exterior decks) installed with a polyurethane caulking has proven effective at this critical assembly. Finally, roof flashing systems that not only include roof to wall and Z-metal counter-flashing but also stainless steel materials with interlocking reglets, assure prevention of water intrusion.

### **WINDOW SYSTEMS**

We have seen better window systems and installation procedures utilized. For example, sophisticated window designs are now available to protect interiors from noise, water, wind, and sun, with more comprehensive testing and certification of performance variables. The workmanship of window installation has also improved through educational seminars conducted at building industry functions, on the jobsite quality assurance meetings and manufacturer's installation instructions on the site-delivered product.

### **WALL SYSTEMS**

We have seen improvements in lath and plaster wall systems through use of higher quality building paper in combination with durable foam core board, self-furring nails with woven wire and alternative use of stronger, self-furring welded wire lath. Even the

quality of the stucco mix has improved with cleaner sands incorporated. To minimize the typical diagonal cracking at window and/or door corners, or across large wall planes, we have seen use of “butterflys” (lath reinforcement at critical corners) and expansion and control joints to provide horizontal and/or vertical stress relief.

## **CONCLUSION**

We have come to learn that larger internal space will offset smaller lot sizes in the mind of the consumer, though with a construction cost impact as we build up rather than out. The simple, single story designs of yesteryear have given way to the two and three story homes of today - tricked out with soaring ceilings, numerous windows, and appointed with every conceivable gadget one could imagine. This is only the beginning of innovation and design elegance. Presently, more mid-rise developments than ever before are under construction across our “Edge Cities” throughout California and beyond.