

Building Innovators Series - Q&A's

Builder Finance interviewed Donna Kamps, CEO of AmeriSus Homes at this year's Atlantic Builder's Convention in Atlantic City. Some of the Q&A's follow:

Today we heard about the launch of your Thousand Cottage Placement Program which is unlike anything else. How will that roll out?

Jim, we've already started and the response has been overwhelming. Affordable housing is such a hot topic and growing problem that groups that are focused on this are coming to us excited about something different. We've got the country mapped out into five regions and have staff reaching out to affordable players in each state. Once they see how a national program done in mass can impact costs interest grows and real projects get surfaced to become a part of the program.

OK I got that but how does a project get started?

For any location, this isn't a huge endeavor. Most states are building thousands of new homes, for 1CPP we're talking twenty. They could be individual cottages on random lots or grouped together as cottage neighborhoods with densities of up to about 10-12 per acre. For many states, we are reaching out to professionals there for the first time. The local people know where there is a pressing need, who owns parcels that could be used and the local builders that could participate. Their help in wrapping that up with us, where we bring the designs, materials, schedule, logistics and process, can result in a project that works for everyone and is profitable.

You made a point this morning of stating that this program shouldn't be labeled as an affordable housing effort.

That's right. No matter where you go the term "affordable housing" brings with it a stigma and often a NIMBY response. We've created a product that is in demand by everyone regardless of their economic situation. Just go talk to families and you will hear of somebody

with a mother that's downsizing. A son that just graduated college and needs something basic. A brother that got divorced and will be paying for his home plus his ex-wife's. The list is endless. Our homes, as we say, are affordable for everyone even couples earning minimum wage. Can you imagine that!

Somebody commented that your 1CPP cottage designs are not kid friendly.

They are not and we've got nothing against kids. SOCO (Single Or Couple Occupied) households are the largest ignored segment in housing. Everyone keeps building products for families while our population of homes without kids keeps expanding. We're focusing on that unserved market which is also the easiest to get approved. SOCO's are every town's best residents. They spend locally, make few demands and they have nominal impact on a town's infrastructure. Plus, our cottage's low price qualify them for localities with affordable mandates.

You have been delivering kit homes for many years now. Will these cottages use the same process?

Actually it will be better because of the volume. Our day-to-day business ends up being roughly 70% custom homes where a builder's cost of construction is reduced by about 20%. For standard models and eco-cottages builder costs are reduced by about 30% For 1CPP there's 1,000 homes all the same where we see builder's costs, compared to traditional stick-built construction, being cut in half as a result of the design, our procurement and significant man-hour savings in construction.

Tell me about those unique financial products that you mentioned.

All builders make claims about their home's energy efficiency presenting rating #'s or certifications which can be confusing and/or misleading. *Cap & Save* is real simple to understand. We set a Cap on the utility bill guided by the local utility. If the monthly bill goes over



that cap we pay the overage. Who can't understand that?

If a city is onboard with our *City Benefits* program they get a check for \$2,000 for every eco-home that gets approved in their town. We've had situations where that revenue saved somebody's job.

Our *Social Impact Income Fund* is in its 12th round, lends project start-up costs to our builders and gives participants a 10% APR paid in 366 days. Nothing could be easier and I should add that in today's era of computer theft and too many people knowing your business participants provide us with minimal info and our fund is completely unhackable.

Where does this take you 12 months from now?

We're trying to get all 50 states committed and as many homes as possible started this year. From all that we learn we will be putting in place a permanent division with physical operation centers that deliver a larger number of homes where we expect the resultant efficiencies to cut builder costs by 50%. Everyone in housing is, for the most part, in the custom home business with the details for each new project being different from the last. We're building 1,000 of the exact same thing employing some radical leading-edge data management capabilities, combined with industrial engineering and just-in-time manufacturing experience to bring mass production benefits to homes built at random locations. Think of what Levitt or Eichler did in the 60's yet done in the digital era.