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## The Elusive Small-House Utopia

By ANDREW RICE

Every year, in conjunction with a big trade show, the magazine *Builder* creates something it calls its “concept home.” The house is an exhibition on a theme — the 2004 edition, for example, was called the Ultimate Family Home — but also a commercial venture. Attendees of the International Builders’ Show can walk through a model, and when the show is over, the concept is quite literally put to a test when the finished house is offered up for sale on the open market. During the last decade’s real estate boom, the annual demonstration kept up with the times: designs abounded with baronial features like colonnades, cathedral ceilings and observation towers, and they sometimes topped 6,000 square feet. But then the crash came, wiping out credit lines and shaking the industry’s confidence. For this year’s show, Boyce Thompson, the editorial director of *Builder*, wanted a look more attuned to curtailed appetites, so he came up with a concept that he called a [Home for the New Economy](#).

The most salient specification of the house was its modest proportions. At around 1,700 square feet, it was the size of the average American home built in 1980. Since then, new houses have on average grown by more than 40 percent, as dens have expanded into great rooms, and tubs and sinks have multiplied. “Houses got too big, because people were chasing investment gains and there was cheap money, and the industry responded by building houses that were too large,” Thompson says. “So we really wanted to focus people’s attention on doing smaller, better homes.” He points to Census statistics that show a slight decline in the size of homes built over the past two years and to a much larger drop in the square footage of those that have just started construction, and suggests that the market may be headed toward a more austere norm.

That’s certainly debatable. If dissecting the causes of the housing market’s crash is a task for economists, predicting its future is a fuzzier matter of sociology. Will Americans re-evaluate cultural assumptions that equate ever-larger houses with success and stability? Or will they invest more in their lived environments, figuring that with the demise of the quick flip, they are now in for the long term? In the absence of much real market activity, imaginations are free to run wild. The Home for the New Economy is one such exercise in speculation, a proposal that the future lies in denser, more walkable, modestly scaled communities. Marianne Cusato, who designed the Home for the New Economy, sees it as a rebuke to the ethic of the McMansion. “We’re not going to go back to 2005,” she says. “What was built then is not going to come back,

and this is not a bad thing. What we were building was so unsustainable, and it didn't really meet our needs.”

Cusato, who is 36, started her career drawing up million-dollar mansions, but she has made a name for herself by going smaller, designing a 300-square-foot Katrina Cottage meant to be a replacement for the trailers the government set up after the 2005 hurricane. When Cusato sat down to devise the Home for the New Economy, she tried to consider how families actually use their living areas. She started with a simple, symmetrical three-bedroom plan, excising extraneous spaces — the seldom-used formal dining room, for instance — while enlarging windows wherever she could and adding a wraparound porch. A result was a house that was compact, comfortable, bright and energy-efficient.

There was just one problem. Usually the concept homes are put up in partnership with a local builder, but this year's conference was held in Las Vegas, perhaps the nation's most disastrous real estate market, and it was presumed no investor there would be willing to take a risk, even a small one, on the Home for the New Economy. So Builder put together an interactive Web site and displayed Cusato's design at a booth inside the conference hall. The concept was a hit with at least one developer, LeylandAlliance, which was working on master-planned communities in New York, Connecticut, Virginia and South Carolina. Cusato began working with the company to bring her idea to life. The Home for the New Economy would be given the opportunity, after all, to meet the actual new economy.

**The spirit of constraint** that Cusato means to tap isn't purely a product of the [recession](#). It's a cultural thread that runs from [Henry David Thoreau](#)'s 10-by-15-foot cabin next to Walden Pond all the way to the New Urbanist communities that began appearing in the 1980s, reacting to the spread of soulless suburbanization by trying to recapture a traditional small-town aesthetic. But the wider buying public has never found much appeal in the idea that it ought to make do with less. “Builders have tried quality rather than size, but they always fail,” says [Witold Rybczynski](#), an architecture professor at the [University of Pennsylvania](#). “The market always says: We don't care. If you're giving us a smaller house, we don't want it.”

Rybczynski speaks from experience. In 1990, he and a partner came up with a design they called the Grow Home, a 14-foot-wide row house that could be constructed for as little as \$35,000. His intent was to produce something along the lines of [Frank Lloyd Wright](#)'s famed Usonians, dwellings devised during [the Great Depression](#) as housing for the working man, which later became a model for the tiny tract homes of Levittown. Rybczynski built a Grow Home in Montreal and wrote [an article about it](#) for The Atlantic, in which he posited that the “abundant resources that accounted for the success of the large single-family suburban house — unlimited land, cheap transportation and plentiful energy — can no longer be taken for granted.” That was 20 years ago. While the Grow Home design proved to be a niche success, it didn't change popular tastes, which kept inflating in defiance of all warnings about sustainability. By the market's 2007 peak, the average American house had surpassed 2,500 square feet.

“This happened at the same time as household size declined, so it's a little bizarre,” says John McIlwain, senior resident fellow at the Urban Land Institute. “But people seem to have liked the idea of having extra bedrooms and lots of room, big kitchens and big master bedrooms and big

master baths. I think it's just cultural, an expression of wealth." But it's not just that — studies have found that lower-class homes in the United States are also much larger than comparable residences in Europe.

"To me, the answer is that we subsidized it massively," says Christopher B. Leinberger, a housing scholar at the [Brookings Institution](#). "Over the last 30 years, we saw one of the largest social-engineering projects in the nation's history." The mortgage tax deduction encouraged a vast expansion of homeownership, while Fannie Mae and Freddie Mac created new pools of capital through securitization. The federal government kept building highways to serve ever-more distant suburbs, where local authorities often mandated large home and lot sizes in the belief that it would encourage the construction of affluent communities. Facing a widespread revolt against property taxes, many of the same municipalities began financing suburban infrastructure — roads, sewers and so on — through "impact fees" levied at the outset of the development process. This and other factors effectively inflated the cost of developable land. The homebuilding industry, which was in the process of consolidating into the hands of a dozen or so publicly traded corporations, passed on the added expense to consumers through higher home prices. But because they enjoyed such economies of scale when it came to construction, the major homebuilders could offer buyers an inducement in return: a lot more room.

Some in the industry argue that buyers never truly craved all that surplus space and took it only because that was the way the marketplace measured the worth of their investment. "We have to get out of the dollars-per-square-foot mind-set," says Sarah Susanka, an architect and author of "[The Not So Big House](#)." "I've been on a crusade to get people to think this way for years." She says she was inspired to write her book — which recommends that home-buyers adjust their space expectations downward by a third and spend the money they save on creating a well-designed interior — after years of hearing the same sentiment from her clients: they were hoping to make a profit at resale, so they had to meet the market's space expectations, not their own. Susanka says that the success of "The Not So Big House," which has sold hundreds of thousands of copies since its publication 12 years ago, proves there is room for alternate conceptions of value.

In today's marketplace, homebuilders are finding that smaller models are selling more reliably, and many are reassessing old marketing assumptions. "In many of our markets, there was an attitude that whatever you buy, you need to stretch, because in two years you'll be able to sell it for double," says Jeffrey Mezger, the chief executive of KB Home, one of the nation's largest builders. With quick profit expectations dispelled, the average size of a KB house has fallen by almost 20 percent since the peak. The company recently introduced a line called the Open Series, homes that have flexible floor plans and low energy costs and run as small as 1,200 square feet.

The trend does not necessarily indicate, however, that Americans have suddenly decided they desire less. Homebuilders are shifting to compete with the cut-rate prices of foreclosures. Nowhere in KB's marketing for the Open Series will you glimpse the word "small." Even some enemies of the McMansion say it's impossible to make a selling point of asceticism.

"Everybody hates the Calvinist sacrifice; they just don't want to hear of it," says the architect Andrés Duany, a founding father of the New Urbanist movement and a mentor of Marianne

Cusato's. Duany argues that the sprawling homes of the last decade actually met a need, albeit imperfectly, by reproducing internally what suburban communities lacked: an exercise room substitutes for a park, a home theater for the Main Street cinema. Buyers will only accept smaller homes, he says, if their surroundings compensate them. "The idea that you can promote things — that a developer is actually going to come out and say, 'Marianne's house is more virtuous,' is ridiculous," Duany says.

**A real, live edition** of the Home for the New Economy now stands near the end of a street in North Augusta, S.C., behind a white picket fence in a residential development called Hammond's Ferry. The house owes its existence, in part, to the ideals of LeylandAlliance, which builds communities in the New Urbanist vein, but it's also a practical concession to the distressed times. Hammond's Ferry, which is situated along the Savannah River, hit the market in 2006, initially offering up a street of antebellum-style residences that ran as large as 4,000 square feet and cost an average of \$500,000. The Home for the New Economy, priced at about half that much, represents a definite adjustment.

"If there was a tactical error we made, it was in the direction of going more toward the 'wow,' " said Turner Simkins, the general manager of the project, as we stood atop a condominium building and surveyed a street of generously proportioned homes with columned two-story porches. On a color map of the Hammond's Ferry master plan, the building was surrounded by some 450 beige rectangles, lots mainly set aside for single-family homes. So far, 88 houses have been built, 78 of them sold, and many of the lots on the map were still covered by uncleared bramble. Simkins said the homes that were finding buyers, unsurprisingly, were those priced below \$250,000, but the developer had found it difficult to convince upscale Southern builders that there was money in modesty. Marianne Cusato's house was there, as much as anything, to provide a different model.

Some skeptics have questioned whether the Home for the New Economy actually demonstrates much of a change. "I really think the whole thing is a marketing ploy," Witold Rybczynski says. "Seventeen hundred square feet is not a small house." Yet in North Augusta, the problem with the place appeared to be quite the opposite: people had trouble imagining how you could sell something so minuscule. One day I had lunch with Cusato and Thomas Blanchard Jr., whose firm was marketing Hammond's Ferry. Blanchard explained that along the Georgia border, the crash had actually caused new houses to grow even larger. Crown Communities, an Atlanta-area builder, had snapped up suburban land at depressed prices and was erecting billboards that crowded, "Houses from \$47 a square foot." One of its largest models was called the Titan.

Cusato wondered aloud about the "sustainability" of such development and said that she would prefer for people to think of a house's value not in terms of price per square foot but in its cost per month, taking into account the ongoing expenses of heating and cooling. "They're meeting a segment of the market that needs to be served," Blanchard responded, diplomatically. "You can't create markets; you can only respond to them."

One afternoon, Cusato and I made our way through Hammond's Ferry to see the Home for the New Economy, walking down streets scaled to be bicycle friendly and passing Manuel's Bread Café, where the French chef cooks with ingredients from an on-site organic farm. The houses,

big and small, were bunched close together on lots that averaged a fifth of an acre. Building at relatively high density helps LeylandAlliance to offset the profit it forgoes by reserving a substantial portion of land for public amenities, like a waterfront park, running paths and several restored ponds. Still, the small-town feel doesn't come cheap. For the price Cusato's house was going for, \$280,000, a North Augusta consumer could just as easily get something truly titanic, if less neighborly.

"There's this machine we've created, this expectation that you have to have this huge home," Cusato said. We were joined at the house by its builder, David Blair, who financed the construction himself because no bank would do so. We walked through the front door, into a sunlit 25-by-15-foot living and dining room, which was adjoined by an open kitchen.

Cusato had never been inside this particular version of her home — she had seen several others in upstate New York, where LeylandAlliance has another development — and so Blair took over the tour to show us a few alterations he made to the design. Cusato had intended it to be adaptable. Buyers, Blair said as we walked upstairs, are "used to the McMansions, and they say it's too small." At the top of the staircase was a loftlike open space, adjoined by two bedrooms and a windowless chamber that the builder said could be put to use as an office. Then, at the end of the hallway, there was a door. Blair opened it, and we entered an unfinished room, measuring 260 square feet. Blair said that it could be used for storage, but for a buyer willing to pay the asking price, he would finish it as a master bedroom. He explained that this allowed the house to be advertised as having four bedrooms and 2,000 square feet — in other words, not as a small house, but one close to medium-size. "People still have this . . . what I call a hang-up about price per square foot," the builder said.

Blair's stratagem had brought the Home for the New Economy's price, according to the accepted metric, down from \$160 to \$140 a square foot. But that was still almost three times the rate the billboards were advertising elsewhere. Since the home's debut in June, it had received a fair amount of public attention, but it still hadn't sold, and Blair had already been forced to drop what he was asking. "To sell a house in this market is tough," Blair said. "We're going to market the lifestyle — the homes follow the lifestyle." And indeed, at an open house later that evening, the Home for the New Economy filled up with neighbors from around Hammond's Ferry: singles, retirees, families with kids. "I think it's taken folks a while to get the concept of what we're doing down here," said Walker Posey, who lives in a three-bedroom house. "Your dollar can go a long way in South Carolina in terms of square footage. But quality of life is not about square footage."

Of course, these were people who had already bought into that proposition — and it was unclear how many others would accept the trade-off of space for lifestyle. For more than 60 years, at least, American consumers have dreamed of one day having enough room to stretch out. It may take more than the shock of hard times to downsize that particular fantasy.

Andrew Rice, a contributing writer to the magazine, is the author of "The Teeth May Smile but the Heart Does Not Forget."