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Jerry Howard:

Welcome to housing developments. I'm Jerry Howard.

Jim Tobin:

And I'm Jim Tobin. Hey, Jerry.

Jerry Howard:

Hey, Jim, listen, I want to first start out by thanking Wells Fargo, our sponsor. We appreciate everything that you all do for our industry and for our association. And we encourage all builders to consider Wells Fargo as part of your financing packages as you move forward. So now, let's Jim ... let's, what's going on?

Jim Tobin:

Welcome to the ... I guess we're now in the mid-January podcast.

Jerry Howard:

We are in Washington bracing for another potential snowstorm here, which is always an adventure in Washington, DC.

Jim Tobin:

Yes.

Jerry Howard:

People from around ... so I've had neighbors, Jim, who the first snow they've ever seen is a snowstorm that took place here in Washington. So you can't blame them for not being able to drive in it. What you can blame them for is, why are they trying?

Jim Tobin:

Right. Right. Well, we had that huge transportation disaster on 95, the last snowstorm. And I kept looking at [inaudible 00:01:10], that snowstorm was ... it was quick hitting, and it was probably bigger than we all thought, but why did anybody get on the road? Just talk them down whatever you want.

Jerry Howard:

Just exactly. Well, you learned that in Connecticut. I learned that in Vermont.

Jim Tobin:

That's right.

Jerry Howard:

We got to spread the word, spread the snow gospel to people, I guess.

Jim Tobin:

That's right. That's right.

Jerry Howard:

Hey, I was on a phone call today with a lot of the staff people over at FHA. And I got to tell you, Jim, it's the first time, and I'm not saying this is a negative, because it's too early to judge anything by it. So, first time I've been in a conference call with FHA where the administration made sure that someone whose portfolio contained sustainability and climate control was listening to the entire conversation and actually participating. I think it's really indicative of where this administration is going and what their priorities are.

Jim Tobin:

Well, we've talked about it before. This administration cares about economic opportunity for those who have been left behind. FHA obviously fits the bill of ensuring first-time home buyers or the low economic strata or have access to financing to get into home ownership. We, of course, support that mission, but they also care about climate change and resiliency and all the things. And you can see where housing crosses both of those trip wires and where we have our work cut out for us in balancing the affordability of housing in America with some of the environmental zealots who want to see regulatory environment for buildings and maybe with oftentimes disregard for the cost of that home.

Jerry Howard:

And it's particularly important now that we continue to make those points, because year over year, as you know, our building material costs have gone up by 21%, our labor costs have gone up by 8%. That's almost a 30% increase in the cost to build a house. And now he's well intentioned as they may be, regulations to avert climate change and to make homes more resilient, you add those to the cost of a house and no one can afford it.

Jim Tobin:

That's right. And then they decry why housing affordability has plummeted and decry why it's harder to build homes. We have a supply, a housing supply problem in this country, not a demand problem. And just adding costs to that supply-side equation, you cannot ... In a lot of ways on the path that they have set, you cannot meet the climate and resiliency requirements that they want while also serving the affordability and opportunity equation that they want. They have to bring balance to those two. And yes, as we know, we build the most resilient, the most energy efficient product on the planet every day. The home we build today is more efficient than the home we built yesterday.

Jerry Howard:

That's exactly right. And what I did mention to him along with the other members of our staff is don't forget, you can make every new home have a zero carbon footprint and every new home meet every resiliency standards. If you don't do it to the existing stock, it's not going to make a hill of beans worth of difference. They seem to understand that, and hopefully there'll be room for some kind of dialogue like that.

Jim Tobin:

That's right. The more expensive you make new homes, people are just going to stay in their old homes, or they're just going to remodel them themselves, in which case that's a whole host issues. They need to stick with the professionals in our industry who know how to build and remodel. So it's a complicated, complicated issue.

Jerry Howard:

Yes, it is. But today we're going to talk a little bit about something different. We got a great guest with us today, and let's bring her into the studio. We have Alaina Money-Garman, who is a home builder, a writer, a speaker from North Carolina. But I think more importantly, Alaina, you're the mom to three rowdy feminists it says.

Alaina Money-Garman:

I am. Aged 17, 15 and 12.

Jerry Howard:

Oh, good Lord. Those are the rowdy years. And it only gets worse.

Alaina Money-Garman:

It's true. We're on the brink of 16 and 18, so it's getting rowdy.

Jerry Howard:

I bet it is. How do you find time to do all that and be two-time builder-of-the-year Professional Builders magazine, 40 under 40, twice builder-of-the-year in Durham County and the first recipient of the Home Builders Association for Wake County, Raleigh and Wake? How do you do it all?

Alaina Money-Garman:

Yeah, I hire fantastic talent, and I get out of their way.

Jerry Howard:

There you go.

Alaina Money-Garman:

So for me, it's all about hiring great talent. I like to tell our team to hire people that make them feel uncomfortable because they're smarter than they are, because that's where the real growth happens. Right?

Jerry Howard:

That's exactly right.

Alaina Money-Garman:

When someone comes in that will knock your socks off, and give them the space to run with it, make mistakes and iterate and innovate and keep going.

Jerry Howard:

That's a great philosophy. Has it been difficult to implement that as a young woman in a traditionally middle aged to older male-dominated business? How has that impacted your ability to implement your philosophy?

Alaina Money-Garman:

Well, we founded Garman homes on the principles of offering a great home building experience, but from an entirely different place than a production national home builder. We wanted to layer on this intensely personal experience for everyone, from our employees, to our trade partners, to our brokers, to our consumers. So at a traditional construction home building company, it would be very difficult, but because we started from scratch in 2008, this has really been our philosophy from day one. And so I think we've created a personality around that, that people recognize that draws people, the right people to you, and in reverse it repels the other people away from you.

Jim Tobin:

So Alaina, you say you started the company in 2008. I think we all remember-

Alaina Money-Garman:

Great timing.

Jim Tobin:

Yeah. I was just going to say 2008, if I recall was probably the tail end of the boom. How is a new company, because at that point in the cycle, you had a lot of people entering the home building industry, thinking that this is a great way to start a job, start a career, a business. And they ran headlong into 2009, 10, 11, and ultimately 12. How did you weather the great recession as a new company?

Alaina Money-Garman:

It was serendipitous, actually. As you both know, chaos creates a lot of opportunity. And so in a really hot market, we wouldn't have been able to get land deals that we were able to get, unfortunately, through the misfortune of other builders who were over-leveraged and wiped out. I like to say that we could only afford the lots on clearance. And thankfully for us, there were a lot of lots on clearance during that time. And we only ... we didn't have anything to lose. We were just getting started. So unlike other builders who were trying to acclimate to this new altitude, this new, lower altitude, we were still growing, and we only ate what we could kill. And we were very cautious, and I think it really ingrained in us some really good habits about not taking anything for granted, especially this market.

Alaina Money-Garman:

And so when we encounter a problem, we're, "Well, it's not the great recession, so we can solve it." Let's just keep going. Let's find a way to make ourselves better through whatever difficulty we're facing, whether it's an operational or sales or rising prices, lumber going off the rails. We try to see each of those as an opportunity, but it was difficult, but it was also probably how we made our way. I don't know that we would've been able to grow as effectively as we wanted to in a hot market.

Jim Tobin:

So fast forward now 10 years. You just mentioned some of the headwinds the industry's facing are now. Lot prices, scarce and very, very high building materials through the roof. You mentioned lumber. Jerry and I address the lumber issue on every podcast we have. It's been the dominant issue for the industry for going on two years now, pandemic aside, of course, you understand the pandemic is on everybody's minds, but other material costs, delays. How are things changed? You're a young hungry company looking for good deals 10 years ago. Now, you're a mature company, obviously with great name

recognition and market penetration. How have things changed, and how are you weathering the current headwinds now?

Alaina Money-Garman:

What we've always tried to do is build a really collaborative partnership with our trade partners. We know that through the labor shortage, we learned that trade partners have a choice of who they work with. So we always want to be the partner that the trade prefers. And I always say to every new trade partner, I want to be your favorite. And I say that as a way of starting a conversation about what does that mean to earn the right to be your favorite builder? So what does that look like? How do I pay you? How do you make decisions? How do you like to work?

Alaina Money-Garman:

And so we are constantly collaborating with our trade partners, surveying them to get better into our business, into our operating day to day systems, to reflect what they prefer. So that when it comes to something like soaring lumber, we're sitting down at a table and saying, okay, we need to design a win-win for both of us. We don't participate in win, lose. We both need to succeed. We both need to make sure our companies stay whole throughout this difficulty. So for our building supply company, that became a discussion about the best way to predict pricing and the best way to pace our starts and sales and closings so that we can minimize some of the damage and some of the whiplash that you get. So I think having those conversations as consistently and as vulnerably as you can produces the best results.

Jim Tobin:

That's great advice as we've moved through the pandemic and now, coming up almost another couple months, it'll be two years. Hard to believe. That's ... a common thread is communication, communication, communication with suppliers and builders and your subs, just to make sure that everybody's on the same page. So the advice that was good, two or two and a half years, or a year and a half ago, still holds today. That's great.

Alaina Money-Garman:

Thank you.

Jerry Howard:

Yeah, Jim, it'd be great if we could get people in Congress to understand the concept of win-win, you don't have to win [crosstalk 00:12:14]

Jim Tobin:

Working together, communication. Yeah. That would, wouldn't that be nice?

Jerry Howard:

Novel concept.

Jim Tobin:

Definitely.

Alaina Money-Garman:

Yeah. You have to earn a relationship, right? Every ... When times are good, you have to invest in that relationship into a relationship that can stay in all the ups and downs. And so we try to be that builder all the time, not just call when there's a problem, but call for no reason. Catch them doing something great and praise them for it. And try to really foster that relationship, so no matter what's in our way that we have a means of communication to solve it.

Jerry Howard:

Alaina, we hear a lot from the younger builders that trade associations aren't of value to them, that being active at their local and state level and national is really something that they don't see a real positive return on their investment. Can you comment on that?

Alaina Money-Garman:

Sure. I used to be one of those people. I think it has a lot to do with representation and reflection. As a young woman, I didn't see a lot of people that looked like me participating in the Home Owners Association. And so, looked in the mirror and said, well, if you don't like it, then go do something about it. Go join, go be the person that's there, that's different. And that will help others see themselves in that trade association and attract more people who are like minded into the decision-making process, into the representation of our industry. So I went from the TSMC side, because I came up from sales and marketing. So I was very active in my sales and marketing council, the triangle sales and marketing council, and then moved over as a board member to the Home Builders Association a few years ago. And now I'm second vice president for the HBA in Raleigh. I'll only be the fourth president ever of the Home Builders Association in Raleigh that's a woman in 2024.

Jerry Howard:

Wow. Congratulations. And you've taken that and you've moved up and are involved at the state and from our perspective, thankfully also at national. What has national meant to you and your participation?

Alaina Money-Garman:

It's still developing. So I don't know, but I'm curious because I've been remote. The whole time I've been national, I've been remote, but my participation in the builders show has allowed me to benefit from these connections that I've been able to make from other builders across the country. And that has served me hugely in the strategy and vision for our business. I think when you're able to meet other builders in different markets and what they're experiencing and learn from each other and have a safe space to ask each other questions that you might be too intimidated to ask a competitor. I think that sort of connection breeds the best ideas, breeds the best version of a crystal ball we can construct. Right? So trends move through the country from these hot markets to the middle markets. And we all see some version of the same theme, like lumber pricing or trade shortages or things like that.

Alaina Money-Garman:

So I think that connection across the country with other builders and people in our industry is invaluable information that you just can't get, unless you're sitting across from someone looking them in the eyes and saying, well, what about this? But what about this? And I think you need a place to speak your fears and have them be heard and reflected back.

Jerry Howard:

Well, you mentioned that your participation at the national level is really just beginning. You should never say that to me and Jim. We'll get you nominated for more committees and task forces than you dreamed ever existed-

Alaina Money-Garman:

You don't have time.

Jerry Howard:

But you're ready ... get ready for that. But I know you're going to be giving a presentation at IBS this year. Can you ... care to give the listeners a preview?

Alaina Money-Garman:

Sure. I'll be ... I have a presentation almost every day. So please come see me somewhere. I will be presenting on the concept home that's based on the America at Home study. I got to build the concept home for the American Home Study at Chatham Park in Pittsburgh, North Carolina. And we are doing a presentation on Tuesday at 3:45. And we're really looking forward to telling the story of consumer-based research and what post-pandemic living looks like reflected in space, in home plans. And then I get to moderate a design battle between two architects on Wednesday, Seth Hart and Doug Cummings will go head to head on things like creative spaces, flexibility, memory points inside the home, density, all the design challenges and I get to moderate their battle, and see who comes out victorious. So I'm super excited about that. And then we'll be featured in Show Village for pro builder on the concept home every day at 11:15. So I'm excited to be there and to share the story and hopefully connect with other builders who are trying to do the same thing.

Jerry Howard:

Well, that sounds really interesting.

Alaina Money-Garman:

Thank you.

Jerry Howard:

We'll have to find time to break away and get down there, Jim.

Jim Tobin:

Yeah, I'm really interested in that concept home idea, just because, Jerry, we interact on capital home and the administration and they're very much talking about more resilient, more energy efficient homes. Sure, you can build those and they're more expensive, and they may not be aesthetically pleasing. So a session like yours, Alaina, that has kind of what consumers want and how I can use that to balance with public policy goals is a really interesting idea to me.

Alaina Money-Garman:

Thanks. I'm excited because we're just presenting one take on the data. So there's infinite opportunities for other builders to see this data and think, I wonder what I could do with that. Or I wonder what that would look like in my market. So I'm really looking forward to that type of discourse at the builders show

when there's someone who's, "But I have this to deal with." So what would that look like? So I think that's the place for real innovation to happen.

Jerry Howard:

Alaina, it's so exciting for me to hear you talk like this because recently one of our other major trade shows in our country is the Consumer Electronics Show that was held just last week in Las Vegas. Attendance was way down and many, many young people have been taking to social media saying that the concept of trade shows is dead and that there's no use for them anymore. To hear you so excited about it is truly, truly refreshing. And something that I think we need to make sure that we carry on to the builders and particularly the younger builders around the country. I'm very grateful that you took the time to be with us today. To the young builders, but particularly to young females getting into this industry, what is your closing words of advice to them as they go into 2022 and beyond?

Alaina Money-Garman:

Dream bigger than you might dare. I know it sounds a little trite and vague, but there is a great need for your perspective. So no matter where you're coming from your voice and your talent and your perspective is needed in home building, and over 90% of home buying decisions are made by women. So if we don't have women at the top reflecting the leadership and the construction design, that's a huge opportunity. And so please, if you don't feel invited to our industry, please consider this my personal invitation to you to come to our industry, find a woman who's in the business, and we will make space for you. I will make space for you.

Jim Tobin:

That's wonderful advice.

Jerry Howard:

All right. Well, Alaina, we're looking forward to seeing you at IBS. Thanks again for taking the time, and thanks for everything you're doing for the industry. We really appreciate it.

Alaina Money-Garman:

Oh, you're welcome. It's my pleasure, my honor.

Jerry Howard:

Be at Orlando.

Alaina Money-Garman:

Thank you.

Jerry Howard:

Wow, Jim, she was quite the guest, huh?

Jim Tobin:

Yeah. Alaina was awesome. Just a real bolt of energy for us, but I think for the industry, and you can see that she's the future of the industry. More female participation, younger generation of builders with a



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different attitude. And I look forward to her participation, not only in the industry, but in HP for a long, long time. `She's great.

Jerry Howard:

I agree. It is a different attitude, but she, again stressed the importance of her local, her state and national participation. And that's something that I hope some of her peers and her age group will listen to and, heed her advice and get active. And the place to get active is at IBS, where Alaina will be, where Jim and I will be in about three weeks. And we hope to see everybody down there. It's going to be a very, very good meeting. Everybody getting back together for the first time in almost two years now is going to be spectacular.

Jim Tobin:

It's going to be great. Sunny Orlando. Can't wait.

Jerry Howard:

We will see you all in Sunny Orlando. Thanks for listening. And thanks for being a part of the home building family. I'm Jerry Howard.

Jim Tobin:

And I'm Jim Tobin. Thanks for listening to Housing Developments.