



# AIArchitect

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## BUSINESS

### MEMBER TO MEMBER

## How Can We Architects Respond to This Mortgage Crisis?

### An open letter to the AIA membership

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**Summary:** When I graduated from architecture school in 1995, after years of hearing nothing but bad news about our profession, I had no idea what I was going to do with my useless degree. Thankfully, we were at the tail end of a real-estate meltdown, caused by a savings and loan scandal, and our job market finally started to open up. I was grateful to be able to find a job making \$24,000 a year, almost \$10,000 less than a starting school teacher at the time.

I'm noticing some eerie similarities between that time and now. Our livelihood relies on the health of the real-estate economy. It is imperative that we assert ourselves in what should be the redefinition of the lending practices, particularly in the residential real-estate market. This eventually hurts all aspects of the lending industry, including commercial construction.

The recent problem with the lending industry may have been caused by shady lending practices resulting in massive numbers of foreclosures, but it persists in part due to the overbuilding of low-quality speculative houses in the exurbs that aren't selling. No one wants to drive farther to work now that gas prices are hitting that threshold of pain. It is obvious that people don't want ugly, poorly designed, disposable houses, because these are the ones barely moving now that the buyer's market is wide open.

### Disconnect to the public

Single-family residences are the most numerous of all building types, and a very small percentage are being designed by architects. Most Americans custom-build or renovate their home at least once in their lifetimes, but the average person rarely engages the services of a licensed architect. Very few Americans get involved in the design of a commercial building either, so we've become almost non-existent to the public.

How can we connect with the average American if they can't afford our fees? How can we get paid what we're worth when we are not valued? The bank's appraiser will find value in all sorts of things like granite countertops, more floor area, more beds and baths—more, more, and more. This mentality is the cause of the McMansion's evolution. I do have a

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*Ed. note:* So, what do you think? Reply to Eric's letter either as a letter to the editor or on the blog, where this column is reprinted so that you may respond directly.

Visit the AIA's Navigating the Economy [Web site](#).

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client who received extra value for their geothermal system (a step in the right direction), but the passive solar/ventilation design itself that allows them to not need this system unless it's 95 degrees outside gets assigned no value.

## not valued?

I've seen how more than 20 speculative houses that I've designed have not only sold for higher than the appraised value, but outsold everything else in the same neighborhood, same size, and same configuration of beds and baths. This is quantifiable. While other builders in my neighborhood see my involvement as eating into their profits, they keep dropping the price of their same old tired repetitious homes that are struggling to sell. The one builder in my area who sees value in my involvement just sold a house during framing for \$780,000—in the worst part of this mortgage crisis!

### Additional appraisal value

I'm not proposing that we insist that all houses be designed by a professional. What I do propose is that we demand that homes designed by licensed professionals be given additional appraisal value to offset the impact of our fees. Giving appraisal value to a superior design by a state-qualified professional would allow people to roll our fees into the price of their homes. Then they could actually afford us. This also would give the real-estate industry a means to allocate more value to new and renovated homes. And a "designer label" could improve clients' perception of us.

Sustainability is another value for us to quantify as energy becomes scarcer. The U.S. Green Building Council certainly can provide ample data concerning the dollar value of energy efficiency. We need to convince the building industry, lending industry, and the average person that a bunch of green gadgets don't make a fundamentally bad building sustainable. A true green building must be designed by a professional.

We architects need to lobby for our worth! We need average people to understand the value of design, and therefore more of us need to engage in residential design projects. This is not to say that residential work is for everyone, but many of us would if we could—and it would open up a large job market for our profession.

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