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El Dorado sees an increase in construction-defect lawsuits

Questions linger over the wind load needed for homes in the region

Sacramento Business Journal - by [Michael Shaw](#) Staff writer

Teresa Gallad knew there was something wrong with her newly built home in Cameron Park the first time she walked through.

Soon, there were cracks in the walls and leaky windows and her kids were getting respiratory infections.

Dave Crozier hasn't been able to live in his water-logged and moldy El Dorado Hills home in more than two years.

Both are fighting their homebuilders in court, two of at least 29 homeowners in El Dorado County who have active lawsuits over alleged construction defects.

There have been a surprising number of construction-defect lawsuits, considering the county's small size, laws that generally limit the ability for homeowners to sue their builders, and a near stop to new construction over the past few years. Some of the pricey homes built during the housing boom have started to show common problems: Leaky windows, gaps in doorways and cracked walls are among some of the more common complaints.

Construction consultant Bill Thomas, president of [Affiliated Professional Services Inc.](#) in El Dorado Hills, believes the symptoms these houses are showing are related to a common illness.

"It got to the point where we said, 'Let's look for other causes,' " he said. "That's when it became clear that houses were under-designed for wind loads. That's why you're not just seeing this from one development. It's at least half a dozen different developments and builders."

Thomas said the practice of building larger homes without upgrading engineering standards to compensate for higher ceilings and larger floor spans has been especially problematic in El Dorado County, where Sacramento's cooling delta breeze sometimes turns into the delta gale as it whips through the foothills. Abundant complaints of cracks and leaks started appearing three or four years ago, he said.

His company is a consultant on 29 construction-defect cases in the county, mostly in El Dorado Hills and Folsom. A few additional cases have already been settled under confidential terms, he said. Other suits have been filed citing the same causes but have been dismissed or settled. The construction-defect suits name at least six builders as defendants.

"We've probably inspected 100 homes," he said. "We only found one that didn't have a problem. We have houses where up to six times the occupants have had to move out because of water intrusion and mold. In other homes the stucco has been replaced up to six times."

He believes more cases would be filed if pursuing construction-defect cases weren't so costly for homeowners; many attorneys won't take cases on a contingency basis and costs for testing a home and attorney's fees can run into tens of thousands of dollars. Both Crozier and Gallad said several homes in their neighborhoods have been repaired multiple times.

Crozier, who filed suit against Newport Beach-based builder [William Lyon Homes](#) in 2006, says he has spent almost \$100,000 pursuing claims to get his home repaired. He filed suit three years ago and has a trial set and is in mediation with the builder.

"They're going to have to completely strip the stucco, replace windows and 'sheer' the whole thing," he said, referring to the practice of putting in sheer walls and supports to make a structure more sound against lateral movement. "A lot of wind channels down through there."

Crozier, 41, who works in construction supply, bought the home in 2004 for \$700,000. He said he started noticing problems not long after buying it. When it was tested for water intrusion, all but one window leaked and a geyser shot out from one test point. Leaks led to mold and made the home uninhabitable.

Representatives at William Lyon Homes did not return a call seeking comment. The builder has been paying the rent for the family, which includes two children and a dog, to live in a 1,000-square-foot apartment since they moved out more than two years ago. Crozier must still pay the mortgage on his 4,000-square-foot home.

Gallad, 39, who with her husband purchased the Cameron Park home in 2000 for \$315,000, said it has been repaired four times and is still not livable. At one point, all 28 windows in the home leaked. The couple filed suit in 2007.

"You could feel the house move and shake in the wind," she said. "You could push against the wall and feel it."

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The home was built by **Lucas & Mercier Development** of Carlsbad. Representatives there could not be reached for comment about the lawsuit.

Thomas believes problems many of these homes have developed likely could have been avoided if builders applied the right standards.

International building codes recognize three categories of wind exposure. Terrain with homes, buildings, wooded areas or other obstructions that reduce the impact of wind are applied the lowest standard, category B. Thomas said most builders in El Dorado County during the housing boom built to the lowest standard. Open terrain with few obstructions is classified as category C, which calls for more sheer walls and other features to compensate for stronger wind loads. It's the category Thomas and some others believe should be applied in El Dorado County.

The county codes don't dictate which wind standard should be used. Category D, the most severe exposure, is applied in entirely unobstructed and coastal areas.

Building a home to a stricter standard can cost many thousands of dollars more.

But at least one builder made the decision to do just that for its homes in El Dorado County after determining that wind exposure C was the correct standard.

Bay Area builder **Greenbriar Homes**, which has built high-end production homes in El Dorado Hills' Serrano development and in Lincoln, was new to the area when it began building in 2005.

"In the Bay Area, earthquake drives everything," said Tim Stanley, vice president of construction at Greenbriar. "In Sacramento, it is wind loads that drive the standards."

The decision came from the company's longtime engineering partner, **InLine Engineering Inc.** of San Carlos, which determined that homes should be built to the higher wind load standard.

"There is no way it could be anything but exposure C," said Vesna Obradovic, one of the principals at InLine. She arrived at that conclusion after learning that the wind level in El Dorado County is 80 miles per hour, meaning maximum gusts can reach that speed. Using a set of mathematical formulas, she determined the homes would need more sheer protection, more anchor bolts holding the frame in place and stronger connections between the thousands of boards used in the home.

"When we sign the documents, we are responsible for it," Obradovic said of the role of the engineer in the construction process.

That might have been an advantage to buyers of the company's homes. But the homes, with prices starting at \$1 million, are not a viable option for many buyers on a more limited budget. And with the virtually nonexistent demand for new luxury homes right now, Greenbriar has halted construction and is waiting for a market rebound, Stanley said.

Will other builders follow suit when the demand for new homes increases? If Thomas is correct that wind is the cause, they will have to look beyond the bottom line.

"They cut corners in designing their houses," Thomas claimed. "They call it 'value engineering' but the idea is to build it as cheaply as possible."

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