

**MESM 2008 Group Project Proposal:  
Business plan for sustainable modular housing.**

**PROPOSERS:**

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**FACULTY SPONSORS:**

Magali Delmas      Gary Libecap      Matthew Kotchen

**STATEMENT:**

What is the market feasibility for the business of modular homes that integrate sustainability and affordability? The goal of Workshop/APD is to develop a modular housing system that integrates sustainability and affordability into its core values.

We are assisting Workshop/APD in exploring the commercial potential of a modular housing system that integrates sustainability and affordability in its core values. Modular housing is constructed of large sections that are pre-manufactured and then assembled on-site, providing significant savings of time and money. This system will promote sustainability by minimizing the consumption of fossil fuels and other non-renewable resources. We will develop a business plan that will: a) explore the market opportunity (private and social benefits), b) identify the target markets that will benefit, c) outline the most cost-effective approach for production and delivery, d) provide cost, revenue, and expected rate-of-return projections, e) assess the competitive advantage that Workshop/APD will have and devise strategies to advance that advantage, and f) identify an advisory board for product development.

**OBJECTIVES:**

Our group will create a viable business plan to help Workshop/APD assess the market for sustainable/affordable modular homes, determine the expected benefits to the market, the firm, and to society, and help the firm decide whether or not they should build their own facility to produce and sell the product, partner with already existing facilities, or license and outsource the product.

**SIGNIFICANCE:**

Environmental problems that stem from resource use are of a growing concern today. Modular home building is the fastest growing segment of the home building industry. Workshop/APD would like to reduce environmental impact, increase affordability, and ensure replicability of the project across different locations. Combining the need for low-cost housing with the need to solve environmental problems, such as high energy use, can result in a large positive impact for all stakeholders.

Our target client and audience is Workshop/APD and investors.

**BACKGROUND:**

Workshop/APD is headquartered in New York City, however, this project will be undertaken from Santa Barbara, CA.

The firm was founded by Andrew Kotchen and Matthew Berman in 1999. They are focused on architecture, design, and planning. In 2006, Workshop/APD participated in the International Sustainable Design Competition for New Orleans, cosponsored by Global Green USA and Brad Pitt. In this competition, Workshop/APD won the top prize for green design for Green.O.LA, their plan for rebuilding the Holy Cross neighborhood in the flood-ravaged Ninth Ward. The goal was to maximize high density, flood-resistant housing in the aftermath of Hurricane Katrina.

With a desire to build on the success with the New Orleans project, Workshop/APD is interested to know if the same concepts can be applied throughout the nation.

**STAKEHOLDERS**

- Residents of the homes
- Construction industry
- Design and architectural firms

**APPROACH AND AVAILABLE DATA****Approach**

1. Research into specific areas
  - a. In-depth analysis of the modular housing market
  - b. Comparison of modular with stick-built housing options
  - c. Sustainability of proposed housing units
  - d. Affordability of proposed housing units
2. Feasibility study
3. Research and write a business plan

**Data**

- Current market share of the modular housing industry
- Market data, construction and designs
- Growth predictions of market
- Comparison data between modular homes and stick built homes

**DELIVERABLES:**

- Strategy recommendations
- All deliverables from a business plan

**CLIENT:**

Workshop/APD  
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New York, NY 10018  
(212) 273-9712

**Contacts**

Andrew Kotchen  
Matthew Berman

**ANTICIPATED FINANCIAL NEEDS AND SOURCES OF SUPPORT:**

The project would benefit by including funding for one or two students to intern at Workshop/APD for the summer. It may also be necessary during the course of the project for the team to travel to the firm's office in New York.