

From the San Francisco Business Times

:<http://www.bizjournals.com/sanfrancisco/blog/real-estate/2014/05/james-ghielmetti-signature-homes-bay-area.html>

May 6, 2014, 9:07am PDT Updated: May 6, 2014, 9:42am PDT

## Homebuilder James Ghielmetti talks about single-family projects in age of urban development



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[James Ghielmetti](#) has been in Bay Area homebuilding for 45 years, spending 31 of them overseeing Signature Homes through several real estate cycles. On the heels of Ghielmetti, 68, naming [Gary Galindo](#) as president of the Pleasanton-based firm, he talked to the San Francisco Business Times about the Bay Area homebuilding landscape and where he sees opportunity in the local market.

While many local developers have turned their focus to dense, urban infill projects, including Ghielmetti's son [Mike who is building Brooklyn Basin in Oakland](#), the elder Ghielmetti mainly builds detached single-family homes in suburban communities toward the edge of metro areas. The company has built, entitled and managed more than 12,000 residential units since it was formed in 1983.

Signature is expanding again after having to halt some projects and offer condominiums in Concord, Oakland and Livermore as rentals during the downturn, said Ghielmetti, who remains CEO at the firm. "We've since converted back them into for-sale and they're all sold now. We had some land that we mothballed, where we stopped building. Now we're back building on those lots again and we're acquiring new properties."

Signature is selling homes in the Sacramento metro area and has projects in Mountain House near Tracy and two in Brentwood. Another is expected to launch soon in Hayward.

### ***Is Signature likely to stick with single-family home projects?***

There are no townhouses and no condos at this time. I probably will not build a condo again. There's just too much risk. There's a group of these construction defect attorneys who go around and find a way to sue you, and it's not the most pleasant thing to get involved with. Townhouses, if they're fee-simple title, we'll probably build some of those at the appropriate time, but right now we're staying with single-family detached.

### ***How has the market changed for homebuilders over the years?***

For private homebuilders, I think it's changed dramatically, because the competition is public builders, and they're working with other people's money so they're more (internal rate of return)-driven rather than trying to make a profit on the bottom line. So the competition for land to develop for private builders is a lot tougher when you're trying to compete against public builders. That's the business side.

The housing styles and types have changed in a gradual way. Obviously houses are getting more green, they're more energy efficient.

### ***What's most challenging about building new homes in the current market?***

The whole entitlement process is extremely difficult, extremely lengthy and costly. Whether you're dealing with a California Environmental Quality Act (CEQA) or dealing with individual other permits that you have to get — from the Army Corps of Engineers, regional water quality control boards, Fish and Wildlife, either state or federal — you really have to be in it to understand exactly how difficult it is to get through it, how expensive it is.

It used to be just going through your planning commission and your city council was all you needed to worry about, but there are all these other agencies that are now looking to get their piece of the action.

### ***Where do you see opportunities to build new homes in the Bay Area?***

That's a real challenge. It's very limited, especially with AB 32 and SB 375. Municipalities are trying to cluster where you can build houses now. You're going to see a fair amount of apartments being built but not many family-style houses, which is going to be a big problem in my opinion.

Politically, areas that could develop are being held back by local municipalities. South San Jose is being held back from development even though it has U.S. 101, it has Caltrain's corridor for transit, and easy extension of Santa Clara Valley's light-rail system. And that's just a political decision to just not open it up. North Livermore has a lot of vacant land that's not prime agricultural land.

There are a whole bunch of folks who don't want to see anything happen (with housing development), yet we continue to grow jobs in the Bay Area, basically, in the wrong location. We're growing jobs on the Peninsula and San Francisco, but we're basically not providing any housing.

### ***What about efforts to add housing in San Francisco?***

San Francisco is adding a lot of apartments to their portfolio, and that's fine because I guess most of the new workers are 25 or 26 years old. But sooner or later they're going to meet somebody and they're going to get married and it's very difficult to find housing in San Francisco in which to raise a family. That's going to happen all up and down the Peninsula.

### ***Are you seeing evidence that young families are willing to live in denser, urban infill homes, or are they still seeking a suburban setting?***

The latter. We did two condo projects near the Giants ballpark, and one family bought a unit in our first building. She had a baby and they decided to buy a bigger unit in the second building, which they did. He was commuting down the Peninsula for work, but they loved the city, they loved the urban diversity of San Francisco. But when their second child came, they decided they just couldn't do it.

It is going to change. This workforce that's at Twitter and Facebook and these places, it's a young workforce but they're going to get older. They do marry later and they are going to have kids later — I understand all that — but eventually they'll seek out a more traditional house with a yard. It may be a small yard; we're doing densities in single-family detached at around 10-to-the-acre now.

***How does Signature deal with the competition in the market?***

We're a small, locally owned company, not a big corporation. We spend a lot of time on design and quality. I think that gives us an edge. And I've got 31 years of a reputation, and that gets around.

I've been in the building business basically all my life. My dad was a carpenter, so I understood from the ground up what construction's all about.

We've built some very nice things. We built a big master-planned community called Ruby Hill down here which featured a [Jack Nicklaus](#) golf course, the first one Jack did in Northern California. When you look at the stuff we've done, people gravitate to us.

***What do buyers want in a new home now compared with previous cycles?***

As the population changes (culturally, ethnically and demographically), you're starting to see demand for multi-generational houses and different types of living arrangements.

Energy-efficiency is a hot topic. I think California probably has the most energy-efficient homes of anywhere in the country. I also think we're going to see more 220-volt wiring in garages for electric cars as we see more and more electric vehicles hit the road.