

## Housing slump fails to deter trio starting new firm

**By Joe Coombs**  
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The housing market's downturn has not played favorites in the development community. It has pushed small companies into bankruptcy, and it's forced national builders to dump land and shower incentives on buyers just to make sales.

These conditions make it the perfect time to start a home building business, according to three former Ryland Homes executives who set out on their own in late 2007.

With two projects getting off the ground in Fairfax early this year, the principals of Chantilly-based Integrity Homes of Virginia Inc. are starting small but thinking about big opportunities they can cull from the market's flattened state.

"There's no better time to do something like this when everybody's running the other way," said Scott Gallivan, one of Integrity's principals. "The market may appear horrific to some people right now. But if we started this at its peak, it would have been impossible."

Integrity bought one parcel from Centex Homes in the existing Fair Chase development and is building four townhomes there. Through a land purchase agreement with Fairfax-based The Peterson Cos., Integrity also paid an undisclosed amount for 44 lots in Lorton's Gunston Cove community, where it will build single-family homes.

"There's an enormous amount of land available," Gallivan said. "As every day goes by, there's more and more motivated sellers."

Before starting Integrity, Gallivan spent about nine years as the Washington area's division president for California-based home builder Ryland Homes. Before that, he was with national developer Pulte Homes for about 10 years.

Gallivan was joined in the new venture by John Dec, who also spent about 10 years with Ryland, and Rob Hutzal, who was with Ryland for 13 years.

"If anything, this is an opportunity to start with a clean slate," Hutzal said. "Who



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**AGAINST THE GRAIN:** Former Ryland Homes executives, from left, Scott Gallivan, Rob Hutzal and John Dec have started a home building company in Chantilly while land prices are low.

wouldn't want to do that in this market, considering all the encumbrances?"

Apparently, not too many people. Inventory is still high in Fairfax, Loudoun and Prince William counties, said Jim Williams, executive vice president of the Chantilly-based Northern Virginia Building Industry Association. Housing starts in Fairfax, for example, were down 62 percent through the first 10 months of 2007 compared with 2006, he said.

"I continue to see belt-tightening," Williams said. "I haven't heard of too many new building companies. I would think it would be an anomaly. But there are opportunities out there. The question is, when do you buy the lots, and how much will you put into the ground? Has the market stabilized enough so you don't go in and take a bath immediately?"

Integrity is getting financing from Wall Street-based investors to get started, said Gal-

livan, who declined to identify the sources.

Integrity hopes to sell about 20 homes this year, and its principals are still mindful of the market's overall condition. Most of the area had double-digit percentage drops in sales volume and prices for single-family homes in November, on an annual basis.

"We're trying to pick up areas that still have decent levels of absorption," Dec said. "Ultimately, we're buyers and sellers. We're buying land in a weak market, but we're also selling homes in a weak market."

Integrity's principals don't expect the housing market to truly accelerate until 2009 or 2010, Dec said. And with the Washington area still adding tens of thousands of jobs and residents on an annual basis, he said, the region's fundamentals are still stronger than most other parts of the country.

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