

Reprinted with permission by
GREATER PITTSBURGH
NEWHOME



KACIN COMPANIES

One of Pittsburgh’s more enduring contractors, Kacin Companies, got its start by taking advantage of an opportunity to detour from the founder’s plan. A. Richard Kacin was planning a career in architecture and says that good fortune turned a slight detour into a successful business. Of course, like most success stories, Kacin’s also included a good measure of vision and flexibility along the way

Success in building new homes depends on an almost obsessive attention to detail. Perhaps that is why it is difficult for homebuilders to look to the horizon and keep ahead of trends that may be developing in the marketplace. During the past half century, the economy of Western PA has given the residential construction markets plenty of curveballs that have scuttled many a homebuilding business. Richard Kacin has thrived over the years by adapting his company to changes he and his management team have foreseen, and by sticking to his basic principles throughout.

“It’s instilled from the top to the bottom, the kind of quality we expect in our homes. When Richard walks through a home he’s not looking at what’s done right,” jokes Bruce Corna, vice president and long-time associate of Kacin’s. “If our people see a guy doing something the wrong way on a site they say ‘you know that’s not right – straighten it out.’”



Providing quality craftsmanship and authentic architecture is the way Richard Kacin believes he can differentiate his company from other builders. Kacin believes that buyers are looking for something in a home that they can’t find in just any home. They look for something distinctive. That’s not a surprising attitude for a builder whose roots are in design.

“I had been accepted to Penn State’s school of architecture [in 1960]. I was working part-time to get ready to go off to school and was doing drafting and site engineering – plotting home sites and designing the homes as well,” Kacin recalls. “We had a neighbor who wanted to build a new home who came to my dad – he would occasionally help friends build their homes. My dad wasn’t interested but said ‘why don’t you get Richard to help you?’ I went about the business of drawing their plans – which we still have here – and then I got bids on everything. We never did have a contract. We

just sort of shook hands and they agreed to pay the bills.”

Construction started on Good Friday of 1960, just a couple months shy of Kacin’s 20th birthday. He performed the general labor on the project and managed the subcontractors. The experience didn’t bring him a handsome profit but Kacin noted that the money he made on his first home

wasn’t much less than the salary a degreed architect could expect to command for the same period of time. As the project was wrapping up, he put a sign out in front that announced the home was built by A. R. Kacin Jr. To his delight, he started four more new homes before the year was out.



“There were prospects for new homes that knew the family and it was a trust situation; they trusted that I knew what I was doing or had the support to do what was needed to build people’s homes,” he explains. “There were suppliers who knew my family and were willing to provide the materials I needed. That was key. We’ve maintained that over the years.”

That formative experience made Kacin a believer in the value of building long-last-

ing relationships. Very few builders – or business people of all kinds – are going to say that they don’t care about relationships with customers or that they are not focused on service. In the case of Kacin Companies, the proof is in the decisions that have been made over the years that demonstrate that Richard Kacin and his team are willing to make customers happy first rather than worrying about his business.

Kacin ran the operations for a few years with help from his wife until he began building a staff. The company now employs 28 people – including the first person he ever hired – and has become quite diversified in its business but during that first decade or so, A. R. Kacin stuck fairly close to home, in the east suburbs. The large industrial employers at the time – U. S. Steel, Westinghouse, ALCOA and the like – built research centers in the east area and were regularly moving employees in and out of Pittsburgh. That provided a steady stream of ‘move-up’ prospects for new construction in the Monroeville, Plum and Murrysville area and Kacin thrived in that market.

“The majority of our customers were mid-level management from U. S. Steel, Westinghouse or ALCOA,” Kacin recalls. “We did a lot of homes for people where we did their entry-level home, their second and their third home. Westinghouse would move [our customers] out-of-town and we would build a second home for them when they moved back.”

During that period of expansion in 1976, Bruce Corna approached Kacin about working with him. Corna was a lender for a small community bank at the time and had worked with A. R. Kacin. He had inspected homes under construction for progress payment approvals and liked what he saw in Kacin’s team. Although Richard Kacin questioned his sanity (“I said you have a good job. Why do you want to go into construction?”), Corna felt that the fit was perfect.

“I told Richard, you guys make it look like it’s a lot of fun,” he says.



Left to Right: Bruce Corna, Richard Kacin, Jason Corna, and Jeff Ferris

The addition of a professional with a different background and perspective was probably helpful as the 1970's wound down and the economy took a decided turn for the worse. Rust Belt manufacturers were about to face a keen challenge to their survival, a test not all would pass. The corporate relocations dwindled and middle management was hit hard by the recession in 1979. The impact on Richard Kacin's business was significant.

"In 1979 we built several custom homes and got rid of all our specs," recalls Corna. "That's when the interest rates shot up to 20 percent in no time at all," Kacin adds. "We had three spec homes and we bailed out of them because we thought this could be bad."

Instead of hunkering down to survive the storm, Kacin Companies chose to look for an advantage in the troubled markets and found opportunities in the government's response to the suppressed demand

Providing quality craftsmanship and authentic architecture is the way Richard Kacin believes he can differentiate his company from other builders.

for new homes. While little could be done to combat the job losses, there were programs implemented to combat the high interest rates that killed the mortgage business. The Pennsylvania Housing Finance Agency (PHFA) sought to stimulate the housing market and banking by selling below-market rate bonds, which allowed developers and builders to offer mortgage rates to buyers that were three or four

percent below the prevailing lending rates. Kacin Companies seized that opportunity and retooled its designs to offer a more affordable style of home to a different kind of buyer.

"We started Delwood Homes in 1979 and built more of an entry-level home," says Corna. "Then we secured a lot of the bond money the state was selling through PHFA. We were the second largest bond buyer in Pennsylvania after Ryan Homes in 1980. The bond rate was 14.5 percent and people thought that was a deal."

Corna explains that they maximized the value of the materials used in the homes

and built them in roughly one month, including full basements. They also worked to squeeze as much as possible from the layout. “Richard designed a really beautiful but efficient home for that entry-level buyer,” he says. Kacin branded the designs as Optimum Value Engineered homes. Delwood Homes sold the homes for \$40,000 to \$50,000 and while they made less money on a given home, the approach they took created a big surge in demand. The number of homes Kacin Companies built tripled, peaking at 108 homes per year until economic conditions stabilized.

Another opportunity that presented itself for diversification was commercial construction. Many of Kacin’s customers over the years were business owners who began to ask him to help with their business’s projects. At the same time the industrial parks in Westmoreland County began to attract new companies. While Kacin Commercial Construction has built as large as 500,000 square foot buildings, the company prospered from building 20,000 to 100,000 square foot industrial buildings. Later, Kacin developed a niche in the car dealership re-branding and new dealership sector, building for Watson, Smail, Cochran, Shorkey and Day. And over the years they built many King’s Restaurants, churches, banks, office, and specialty structures. Having worked with Kacin Companies while attending high school and college, Jeff Ferris, Vice President of Kacin Commercial, directs all of the commercial construction projects, moving the projects from conceptual stages through finished construction.

Richard Kacin’s first love remained the design and construction of custom homes. As that market returned when Western PA began to recover from the steel industry’s exodus in the 1990’s, the competition for buyers had increased. The depressed market of the 1980’s opened the door for production-oriented builders to get a stronger foothold in the Pittsburgh market and even in Kacin’s backyard, profits were smaller on the typical suburban new home. Again, the team at Kacin Companies felt that a shift in focus was needed.

As they searched for an underserved niche in residential construction, Kacin

As that market returned when Western PA began to recover from the steel industry’s exodus in the 1990’s, the competition for buyers had increased.

and Corna took note that there was a quiet but growing trend of people moving back into the city. This ‘New Urbanism’ had sparked major development in many big cities. Pittsburgh wasn’t being seen as a city attracting new residents but there were developments being planned. Kacin Companies had the chance to be involved in one such project, the massive Summerset at Frick Park being developed on a former mill waste site above Nine Mile Run east of the Squirrel Hill Tunnels. Kacin saw a need for new products to be offered to this new urban buyer and felt that the Summerset community could be the niche that his company could fill.

While Summerset was a few years ahead of the curve on the new urban movement that would be obvious in Pittsburgh by 2007, the project caught the wave at the right moment. Kacin worked with architect Bradley Shapiro (then with Looney Ricks Kiss Architecture) to come up with traditional designs that would suit the lifestyle



The response to the concept had validated the planning that went into the project. During one of the worst housing environments in decades, Edgewater has experienced brisk sales and the project is on a pace to finish a couple years ahead of schedule.

needs of the new urban buyer, focusing on the mid-market cottage home style. Kacin Companies had more than 30 lots as one of

three builders working in the community. The first phase of Summerset was set up as a lottery and everything sold out in less than two hours. Summerset's later phases have been equally successful.

The lifestyle community focus has become the niche that Kacin looked for to diversify and serve an underserved customer. Over the last half decade, Kacin built communities that meet the lifestyle needs of another growing demographic group, the empty nester. They developed communities of condominium-attached homes in Jefferson Hills in Allegheny County and in Hempfield Township in Greensburg.

Kacin's main project over the past few years is something of a culmination of their lifestyle focus. In 2010, the company kicked off its most ambitious work, the development of a former brownfield steel mill into the Edgewater at Oakmont community. The \$125 million project involves 241 units of single-family attached and detached homes for sale, apartments and about 35,000 square feet of commercial space, which is designed to replicate the existing office and retail



of Oakmont's Allegheny River Boulevard.

When the opportunity arose to pursue the project, Kacin Companies approached the project in the same manner that has characterized its business model over the years. When the RIDC issued the request for proposal, Kacin teamed up with EQA Landmark Properties – one of the developers of Summerset – and created a plan that focused on market demands and the surrounding community. Kacin's proposal was one of nine and it was ultimately successful even though they offered neither the highest bid nor the most units of housing. Instead, Kacin Companies focused on making the project work as an extension of Oakmont's existing neighborhoods and the borough's mixed-use plan. In the end, it was the best concept for the property

"It will look like it was always there. We sort of worked backwards from [Oakmont's] mixed-use ordinance," explains Kacin. "We looked at the land and with

the experience we had from Summerset, were sensitive to what the customers wanted for an urban community.”

The response to the concept had validated the planning that went into the project. During one of the worst housing environments in decades, Edgewater has experienced brisk sales and the project is on a pace to finish a couple years ahead of schedule. Sales have been so brisk, in fact, that appraisers have been excluding them from comparable home research as an anomaly.

From a suburban scattered lot custom builder, to a tract builder for first-time buyers, to one of Pittsburgh’s premier urban lifestyle builders, Kacin Companies has changed its approach to construction as the market has dictated. The desire to diversify their business – which has helped them ride out the cycles – pushed them to build commercial projects, invest in commercial real estate and in 2012, to launch their own brokerage business called Edgewater Realty. Richard Kacin says that they listen to customers and do as much research as possible but often their instincts have been the compass for the company.

“A lot of it is just guts,” he jokes. “We look at this as a business and we anticipate what the market wants. There have been some things we’ve missed but fortunately not too many.”

Some 53 years into a career detour, Richard Kacin is showing no signs of riding off into the sunset. He says the company is actively planning for the transition in management but it’s clear the founder is still very engaged day-to-day.

“We’ve all been here a long time together. We’re evolving now because we have some really good young people,” Kacin says. “This is a transition but the things we value are still the same.”

Value is woven throughout the fabric of the business at Kacin Companies. From the outset in 1960, Kacin has put a high value on the relationships he’s had with suppliers and subcontractors; and he’s also relied on the many relationships he’s built through the years as sources of repeat clients. The company also works to add value to every home they build; in fact, one of their mottos is ‘Value Today...Value Tomorrow.’

“It’s always been about the relationships and being a one-stop, single source of responsibility for our customers,” says Kacin. “Western Pennsylvania buyers expect a lot of value when they buy and whenever they sell their home they expect that value to still be there.”

Jason Corna – Bruce’s son – is one of the talented younger people of which Richard Kacin speaks. He’s grown up in the business and sees the benefit from taking a long-term value approach.

“A lot of our customers know they won’t have much work to do when they come to us. Our buyers know what they want and that’s quality,” he says. “Our standards start about three levels up from the production builders and then we go up from there. You can go on Multi-List today in the eastern suburbs to a home we built 25 years ago and it’s listed as a Kacin-built home. That’s going to sell the home faster and it generally brings a bit better price.” [NH](#)