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## Creative building

*WestTier owner Jeanne Koruga loves every detail in the process of constructing homes*

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Jeanne Koruga is a rarity in two ways: She's a female home builder in an industry dominated by men, and a survivor whose small Woodinville company, WestTier Development Corp., has made it through a recession that crippled the housing market and forced some competitors to cut back or close.

A certified public accountant by training, Koruga has roots in the home-building business from her childhood. Her father was an assistant dean at a local academic institution who worked as a painting contractor on the side to help pay the bills incurred by his large family. All six children were expected to work to help out. Koruga was cleaning paintbrushes at the age of 13 and painting houses by the time she was 16.

She worked on older homes on Seattle's Capitol Hill, learning to fix window sashes and doors as part of her preparation for painting. Gradually, Koruga became the "go to" person to figure out how to fix things for her siblings, tackling everything from blocked sewers to remodeling basements.

"I really enjoy physically working. My dad always advised us to use both our right brain

### LESSONS LEARNED

*Jeanne Koruga's ideas for success*

— The last one percent of building a house is about 99 percent of the job. If you do not finish that last one percent, you did not finish your job.

— We hire subcontractors as part of our team, not picking the low bidder as much as someone who is the right fit. The lesson from the last seven years is that this is a game where you need to keep your eye on the ball and be sure who your partners and teammates are.

— JEANNE LANG JONES



BUSINESS JOURNAL PHOTO | *Anthony Bolante*

**INFORMATION QUEEN:** Jeanne Koruga in the interior of a home built by her company, West-tier development corp., in the Holmes point housing development in Kirkland. "I never look at it as a job," she says. "It is a creation process using architecture and engineering and accounting."

# Housing boom had challenges

and our left brain,” Koruga said.

After she graduated from Seattle University with a degree in business administration, Koruga got her CPA certificate and began working as an accountant for an architect.

“I was building houses on paper with cost breakdowns for each step of the process from purchasing the property to closing,” Koruga said.

She built her first house with her husband on some investment property they owned in Woodinville.

In 1983, the couple founded WestTier Development Corp. to build on the parcel’s remaining lots. The company has a building division that Koruga heads, while her husband, Peter Tiersma, handles land development. The company has four full-time employees and maintains a network of subcontractors that Koruga hires to help with construction.

“I love it,” Koruga said. “I never look at it as a job. It is a creation process using architecture and engineering and accounting.”

WestTier specializes in small residential development, sometimes teaming up with other developers to split housing plats. The company builds custom and speculative single family homes as well as multifamily projects.

The boom had its challenges for Koruga. Subcontractors were overextended, and she worried that the pressure would erode the quality of her construction.

“I worked extra hard to make sure all the i’s were dotted and the t’s were crossed,” Koruga said.

When the housing market collapsed, the bust brought a new set of challenges.

WestTier was in the midst of building a town home project in Mukilteo for which it had taken out a \$5.8 million bank loan when the housing market stalled. To get her project to sell, Koruga believed she had to make it stand out in the marketplace, so she hired an architect to completely rework the interiors.

“I took a huge chance, but I knew it was the



BUSINESS JOURNAL PHOTO | Anthony Bolante

**MOVING AHEAD:** Jeanne Koruga of WestTier, shown here in the interior of a house built by her company in Kirkland’s Holmes point housing development, says the next challenge will be changes in lot prices.

only way to salvage the project,” Koruga said.

It took more than two years, but all 15 town homes did sell eventually. During those long months, Koruga’s bank hung in there with her. Ultimately, the company was able to repay the entire \$5.8 million loan, although West Tier took a \$300,000 loss on the project. Income from the company’s rental properties and property management service, along with savings, helped Koruga absorb the loss.

The recession took a big bite out of revenue, but Koruga is grateful to still be in business at a time when many competing home builders have closed. Company revenues slid from a high of about \$12 million in 2008 to \$1.2 million in 2010. Koruga expects to finish this year with revenue of about \$1.5 million. She expects revenue will increase next year to about \$2 million.

Now she faces yet another challenge: changes in lot prices. WestTier has lots it’s owned for a number of years that were acquired when property values were higher.

“I will be competing against a plethora of newly formed limited liability compa-

nies with capital that bought their land for 50 cents on the dollar,” Koruga said. “My extreme challenge will be creating value above and beyond what the marketplace offers, but at the same price.”

She believes the recession has changed what people are seeking in a home these days. There are more extended families living in houses as more homeowners take care of their aging parents in their homes or let adult sons and daughters continue living with them until the young people can get on their feet financially.

“We get to be part of the reset and what the new house is going forward,” Koruga said.

Koruga takes some pride in the fact that her houses attract engineers, who can be nit-pickers.

“They want information. I am the information queen. I love them. They want to know what they are getting,” Koruga said.

She just opened her latest development, nine homes on nine acres at Holmes Point, in Kirkland. And she plans to start another residential development in Bothell in the spring.