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LESLIE & PATRIC HORN

*From Containers to Condominiums
...The New Sustainable Future*

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Exceptional Green Living in Rosa Parks, the first multi-family dwelling built from containers in the U.S.
Illustration courtesy of Steven C. Flum, Architect

From Containers to Condominiums

An Interview with **Leslie Horn**

By Randy Peyser

At the end of April, Leslie Horn and her brother, Patric, co-founders of Three Squared Inc.™ will break ground on “Rosa Parks,” the first 20-unit, multi-family dwelling to be constructed in the United States — out of shipping containers stacked like Lego™ blocks!

The containers are made of steel, are fireproof and can be made into homes in less than half the time it takes to build a home out of lumber. While shipping containers are used frequently in Europe, they have never been utilized in the United States to create multi-family dwellings or commercial spaces.

Leslie and Patric are not only building the first dwelling of this kind in the U.S., they are also creating the standards for

this new industry for the entire country — including all of the building codes by which every company in the future will have to comply.

Randy Peyser: When did you start this undertaking?

Leslie Horn: We started the project in 2007 and got it approved in 2009.

Randy: Who is this housing being built for?

Leslie: We’re creating market-rate condos. Prior to building our first one, we are building our model center, which is a 2-unit project that will also house our home office in Detroit. More importantly, it will allow us to showcase our technology and bring in other like-minded people who might like to build in a more affordable, durable, and extremely energy-efficient way.

Randy: How are these containers more energy-efficient?

Leslie: We are bringing new technology to the marketplace through Cargolinc™, our technology company. For example, to insulate the exterior of a house, R19 insulation is used. The roof is R30. The insulation we’re bringing to the marketplace is R140. It creates a soundproof barrier and has also been rated for fire protection between walls. Our team is putting together some very cool systems that redistribute power sources in order to decrease the amount of energy it takes to live. This new technology will be available for licensing later this year.

Randy: How did you get into this, Leslie?

Leslie: In 2004, Patric and I, with some friends, rehabbed 30

houses in Detroit. In 2007, one contractor asked me if I had heard about the shipping container construction happening in Europe. I started researching this. Then the real estate market in the U.S. tanked, and we needed to figure out our next steps.

I woke up one morning and had an epiphany . . . The first thought that came to my mind was: *we are going to build shipping container condominiums.* We owned three lots down the street from Wayne State University. That was in December 2007. We contacted architects, and they either laughed at us or didn’t return our calls. But one architect did, and he’s been with us ever since.

Then we took the concept to

(Continued on page 6)

Leslie...

(Continued from page 5)

the City of Detroit. Two years later, and after 16 public hearings, we got approval to build the 20-unit condo complex. It took a lot of blood, sweat and tears, plus a lot of communication with the local, county and state officials. However, the housing market was still so bad, we realized by the time condos were built, nobody would qualify to get the financing to buy them. Another problem was that the investors were also laughing at our idea. Once again, we had to step back and redirect ourselves.

At that time, Patric and I had very little development experience. We recognized that we really needed to enhance our team, which is exactly what we have done. We have attracted some of the top experts in the real estate development field, plus top engineers who see our vision, in addition to seeing what we can do as a company to create history in shifting the way we construct.

Randy: That's a pretty tall order.

Leslie: Yes it is. You have got to show up to the table big. In the construction industry, we are dealing with very archaic types of construction. We can send people to the moon and back, but we cannot build a house that can sustain an earthquake, flood, or hurricane, and last 100 years.

This is an issue we can shift. Shipping containers are built to withstand 150 mph winds on a ship at sea. They are stacked 9 high, are held together with a strap and a C-clamp, and filled with 60,000 pounds each. Their strength and durability excite me. An earthquake won't break the framing, and a tree falling across a roof won't make a roof collapse. So, more lives will be saved.

Randy: Is there a special kind of siding on the outside?

Leslie: The beauty of this is you can clad the exterior with anything — from brick, to stuc-

co, siding, tires, you name it.

For example, our model center is being built on Michigan Avenue in Corktown, which is one of the oldest communities in Detroit. They still have brick-paved roads, and all the exteriors on that street are made of brick facade. When you drive by our model center, you won't know it's constructed from shipping containers because we'll clad the exterior in brick to fit the entire persona of the neighborhood.

Randy: What do they look like inside?

Leslie: They're like any other house. You can do drywall or

ping containers arrive in the U.S. Because of the trade imbalance, the majority of them stay here. They are used once or twice, then they just sit around.

Randy: How much will these condo units go for?

Leslie: They will be competitive with the new construction in the area. However, what differentiates us from any other construction — and what we're most proud of — is the energy-efficiency aspect. It won't cost that much to heat these units or plug anything in. The occupants are going to be very happy.

We believe we can truly create a shift in how construction

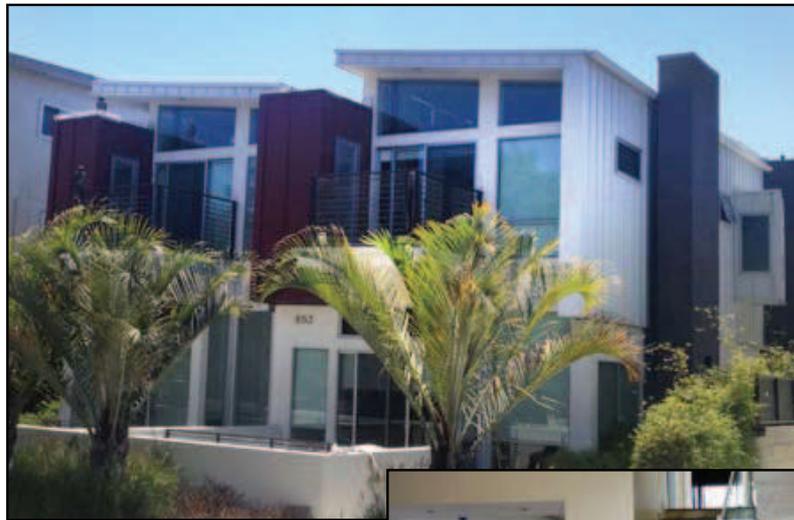
we are not being gouged. We truly want to make a shift, and we can do this with a product that has already been built, used, and discarded.

Randy: I think about all those naysayers who laughed at you at the beginning of your project and how it is you and your company who are now having the last laugh.

Leslie: Absolutely! You hit the nail on the head. I am glad the universe forced us to step back and strategize, even though it was frustrating. We now have letters of intent to build about \$210 million dollars' worth of projects around the country. In addition, we are in conversations concerning another \$600 million dollars' worth of projects around the United States, and internationally as well. As we attract more business, we realize that we will not be able to fill every request. So, if we can create the technology and allow others to use that technology, we will license it.

Randy: What obstacles do you face now?

Leslie: HUD needs to perform complete inspections on the type of housing we're doing in order for our housing to be HUD-approved. This will be



The exterior and interior of a completed container.
(Photos courtesy of Three Squared, Inc.)

leave it industrial. Basically, we are replacing wood framing with shipping containers. For a 1200 sq. ft. house, you can take 4 containers, that are 8' wide, put them side by side, and cut out all the interior walls. Now you have a structure 40' deep and 32' wide.

Randy: Where do you get these shipping containers?

Leslie: We have agreements with two of the three firms in the world who manufacture them. There are 700,000 shipping containers laying idle, plugging up our ports and landfills. EVERY day 23,000 more ship-



is done. When we were rehabbing houses, in the winter, some of our tenants had to make a choice as to whether to pay the rent, their heating bill, or feed their family. Nobody should have to go through that. We all have the capacity to live where

one of the processes we have to go through, and it's all going to be about education. As we build, we are creating the history, statistics, procedures, systems, guidelines, and codes, so it will be easier for the next person to build.

Randy: You are truly United States pioneers of multi-family dwellings made out of shipping containers.

Leslie: Yes, we are the United States pioneers. There are a couple of companies doing good work with shipping container construction, supplying single-unit housing for the soldiers in Afghanistan and single-family homes. But nobody is addressing multi-family or commercial buildings.

No one knows how to do this because it's not been done before. When they're stacked 6 high, 18 feet wide, and you stack them in different configurations like Legos™ and start cutting out the interior walls, you have to know what the load factors are, and you need to make sure you are not losing any of the structural integrity. Those are the systems, configurations and codes we are creating today. So, when you say we are pioneers in this, you'd better believe it.

Randy: How long will it take to build a 20-unit condo building?

Leslie: If you framed a 20-unit condo project using regular lumber and labor, it would take about 90 days. We'll have our building framed in less than 7 days. We anticipate this complex to be complete in less than 6 months, whereas, a traditionally-built project would take 12-18 months. This saves both Europe, Travel Lodge completed their third hotel out of shipping containers in 2011, and they've vowed to build all future hotels out of shipping containers because they are able to get into revenue quicker.

Randy: What would you say to anyone in pursuit of their dreams?

Leslie: Here's a good litmus test if you think you want to give up... In the beginning of 2012, every day, at least ten times a day, I was thinking about quitting and giving up. My litmus test was this: I would pretend I was on my deathbed and was being asked the question, "Do you have any regrets in life?" Every time I asked myself that question, my answer was, "Yes, I would have had a regret."

So, even though I felt like

quitting when all the investors were turning us down, after a while I put my big girl panties on and started talking to them. I matter-of-factly asked them why they didn't want to invest in my company. I wanted to know the key factors were as to why they wouldn't fund us. It was a very brave step to take. They told me that they liked the concept but that I needed to have the right team in place to make it happen. The moment I started listening to what these investors were saying, things shifted.

We realized that we needed to bring in people who were way more experienced than we were. Then all the right people started showing up to put our company together — from our mechanical designers who are creating our patents, to our intellectual property lawyers, to our CFO, marketing team, and more. We also brought in more strategic partners and different technologies.

The investors were spot on. We've now put together Three Squared Inc.™ so we can consistently move forward and stay solid in the future. As a result, all of these projects are being put into our pipeline.

Randy: Final thoughts?

Leslie: I'm truly committed to the success of this company and the technology our team is creating. It's not about me or about Three-Squared™; it's about shifting how we can make things different. As Margaret Mead said, "Never doubt that a small group of thoughtful, committed citizens can change the world, because, indeed, it's the only thing that ever has."

For more information about shipping-container dwellings, visit www.ThreeSquaredInc.com

Randy Peyser edits books and helps people find literary agents and publishers. www.AuthorOneStop.com She is the author of *The Power of Miracle Thinking*. www.MiracleThinking.com

When one tugs at a single thing in nature, he finds it attached to the rest of this world.

— John Muir

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