

GREATER PITTSBURGH'S

NEWHOME

Winter 2011

Moving
to the
City

Pittsburgh's New Urbanism

55+ HOUSING

A BETTER LIFESTYLE FOR THE
BEST YEARS OF YOUR LIFE

**REMODELING OR
RENOVATION**

BUILDING WITH VALUES

MONTGOMERY & RUST



(L-R) Greg Green, Don Montgomery, Mark Rust and Murray Rust.

One of Pittsburgh's most innovative urban builders is a suburban-based company with century-old ties to the city's steel industry. For brothers-in-law Murray Rust III and Don Montgomery, a family tie became the basis for a business that is now operating in its fifth decade.

Rust's family owned Rust Engineering, a designer with a global reputation in the steel and heavy industrial markets. Murray worked at the firm in the 1960's after graduating from Lehigh University but was looking to get out on his own after the firm was acquired by Litton Industries. Montgomery was an architect working in Boston at the time and had experience with residential design and an interest in bringing new designs to the market. In 1972 they had the opportunity to acquire some land in the North Hills and founded Montgomery & Rust to develop and build homes.

The land was 32 acres in Hampton Township, located off Clearview Road above Harts Run. They created 32 lots with the vision that residents of Pittsburgh were growing tired of the pollution and crowded conditions and would be interested in moving away from the city. As it turned out they were right. Montgomery's architecture at Hartswood Farms reflected his time in New England. The homes were built with cedar siding and split shake roofs, materials that aren't uncommon in Western PA now but were a departure from the brick-centric designs of post-World War II homebuilding.



vacant in the Perry Hilltop neighborhood overlooking the heart of the North Side with great city views. In 1980, Montgomery & Rust acquired the empty shells of the houses for \$100 each and took on the challenge of building them out and selling them. While the views were spectacular, the neighborhood has seen better days and the project needed to attract pioneers to succeed. Montgomery & Rust hired architects Perfido Weiskopf Wagstaff + Goettel (then L. P. Perfido & Associates) to design the renovations and the new townhouses they planned to build. They also had a secret weapon that came in handy.

Later in the decade, the two joined forces with Prescott Cole to create another North Hills community that would give an indication of how Montgomery & Rust would develop in years to come. The project was the Village of Bradford Woods, a planned community of 50 single-family and 80 townhouse dwellings. Even though the project was located well north of the urban center – and nearly as far out of Pittsburgh as anyone lived at the time – the planning and architecture was meant to create a sense of ‘town’ and was one of the groundbreaking planned residential developments of the day. Long before the term ‘urban sprawl’ became part of the lexicon, the Village was developed with green space built in as a buffer around the homes. Walking trails and three ponds were part of the neighborhood. Until this day, the homeowners’ association maintains covenants on the use of exterior materials and roofs, sidewalks and driveway construction. Like Hartswood Farms, the architecture of the Village was reminiscent of New England villages, with street names like Marblehead, Salem and Mystic Harbor.

As the firm started its second decade in business it seemed as though Montgomery & Rust had hit upon a winning formula: find land well beyond the average Pittsburgh commute distance and bring classic New England architecture and sense of village to a more Midwestern market. But as the collapse of the steel industry precipitated a more rapid exodus from the city’s neighborhoods to the suburbs, Montgomery & Rust changed gears.

In 1980, their relationship with the Urban Redevelopment Authority led to two opportunities to undertake developments at the opposite end of the spectrum from their work to that time.

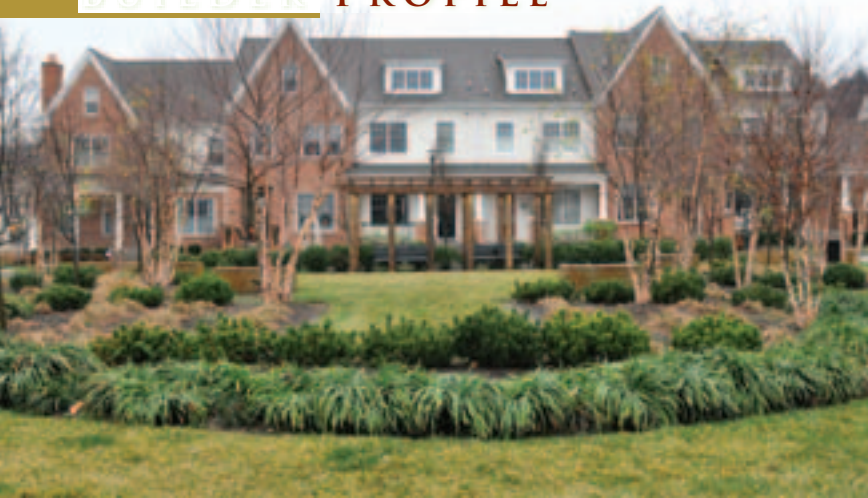
One of the blighted areas the URA was working on was what had been known as Clifton Park, a set of row houses that were

“The URA had the ability to offer eight percent mortgages [market rates were double that at the time],” Rust remembers. “We held an open house on a cold February day and sold 28 units in one weekend.”

That same year the URA turned to Montgomery & Rust with an opportunity for a project near where Rust was raised in Shadyside. Another developer had been struggling to get underway with the Village at Shadyside, a planned community of 84 townhouses, 44 units of condominiums in three mid-rise buildings, along with one detached home. A tough economy was derailing the project but Murray Rust thought the project had a good plan – designed by Pittsburgh’s Urban Design Associates – and took on the task of bringing the project to market.

The architecture for the project did an exceptional job of fitting into the context of the surrounding neighborhood, with the new townhouses looking like renovated Shadyside row homes. After a strong start, construction on the project was stalled by the fall-out from the Savings and Loan debacle in the late 1980’s. The construction was able to be completed throughout the 1990’s, with the last units completed in 1999. While the financing for the project hit a couple of bumps in the road, the homes themselves had smooth sailing. The neighborhood has appreciated as well as any in the region and its location – its Penn Avenue side is directly across from Bakery Square and Trader Joe’s – is among the hottest in the city.

By the mid-1990’s Montgomery & Rust had earned a reputation as a developer/builder with a vision for planned communities and architecture. Fulfilling that vision meant striving to find the next ‘big thing’ in materials, methods and design. One of



“He told me to show up and they would tell me what to do. He also said that while I was at it to pay attention and ask lots of questions.”

the relationships that developed out of that search was with IBACOS, a research consortium of manufacturers, architects and builders who work to make residential construction more energy efficient and livable.

“We bought into the IBACOS concept right away – comfort, low maintenance, low energy costs – and since Washington’s Landing, all our homes are built that way,” says Rust. “To do that you need to put dollars into the home but it feels good to put a better product on the market and I know we get other work from it. At the end of the day, it’s just good for our customers. They get a great return on their investment.”

Washington’s Landing was Montgomery & Rust’s first experience with building an IBACOS prototype design. That project started with a chance meeting between Rust and Mark Schneider – then with Rubinoff Co. – who needed a residential partner for the project. The neighborhood was 88 units located on the Herrs Island between the Allegheny River and its back channel. With water on both sides and spectacular downtown views, the homes in Washington’s Landing are in a unique setting in Pittsburgh. Don Montgomery’s designs and the choice of materials like standing seam metal roofs and Werzalit siding made for durable, attractive and energy efficient homes. Begun

in 1995, Washington’s Landing was built out in a little more than five years.

While the firm did not completely abandon suburban development – they were the contract developer for The Trillium in Fox Chapel, The Links townhouses at Treesdale and the Fair Hill neighborhood in Franklin Park – Montgomery & Rust was becoming recognized well beyond Pittsburgh for its successes in urban and traditional neighborhood development. As Washington’s Landing was filling out they were brought in to do the interior build-out for the 1600 Murray Avenue condos that Mosites Co. was developing. They also renovated the Brake House Lofts, a former Westinghouse air brake factory in the Strip, with developer Eve Picker.

Their expertise in sustainable construction and planning brought them to the table during the early stages of the massive project to reclaim the former J & L Steel slag pile along Nine Mile Run in Squirrel Hill, just east of the tunnels. The community is the Summerset at Frick Park and it was being developed by several firms, including Montgomery & Rust’s partners at the Rubinoff Co. Over a period of several years, the project took a number of forms, originally proposed as a massive 2,000 unit development but ultimately settling on a mixed community of 710 homes.

“There were nine different levels of environmental review during the planning,” says Murray Rust with a bit of amazement. “Originally the plan was to cover Nine Mile Run and to excavate about four million yards of slag. We were able to change from that idea to one that left the creek open and cut back the slope more gradually.”



standards like EnergyStar®. The Summerset standard is a home which uses 30 percent less energy than normal (Murray Rust's own home in Summerset was tested at 53 percent less). One of the townhomes was submitted for the National Association of Home Builders Energy Value Home and walked away with a silver medal.

Montgomery & Rust's portion of Summerset includes the Estate and Village detached homes, as well as a number of townhomes. In a bit of déjà vu, the project has slowed over the past few years, not from lack of demand but from the lack of financing at a critical stage.

In the late 1980's the loan for the Village of Shadyside had been from First Federal Savings and Loan and construction was stalled while the financing worked its way through the Resolute Trust Corp. process. As the financial crisis of 2008 broke, the construction lending for Summerset was coming from National City, which led to another lengthy delay as that institution collapsed and its subsequent takeover and reorganization dragged on. The flow of lending slowed just as a phase of development was ready to start but the flow of prospective buyers remained strong.

"The next phase of the project is on the south side of the creek so there has to be a new environmental approval and approval for a bridge," explains Rust. "The lack of available financing made that investment more difficult but there are still buyers. Right now we have ten or eleven contracts and a waiting list with eight or nine more."

Part of Summerset's appeal is the style of the community, an urban traditional neighborhood. The homes feature efficient floor plans and have rear entries off alleyways, much like the hundred-year-old neighborhoods all over the city. What is untraditional is the amazing energy-efficiency. Each of the Montgomery & Rust homes is designed with IBACOS standards for energy and quality, which are tougher than commercial

Montgomery & Rust's focus on getting ahead of the current standards has helped attract the kind of buyer that was widely assumed to be lacking in Pittsburgh until a few years ago: younger, better educated and willing to pay more for higher quality in homes of more moderate scale. The buyer in Summerset is often a two-professional working couple with small children who values the urban lifestyle but also wants the comfortable, low-maintenance home. Building that kind of home also fits the desires of the next generation of ownership at Montgomery & Rust.

In 2008, the two founders conveyed the ownership in the business to Murray's son Mark and Greg Green, Don Montgomery's son-in-law. Neither came into the family business as part of their life plan or under remotely similar circumstances.

Green graduated from Bowling Green University in 1998 and worked in Michigan for a year with an environmental firm. A career in construction was not his aim.

"I graduated with a degree in environmental policy and geology, but after working in the field, I did not see a great future or opportunity. I had just met Jessica [Montgomery's daughter] and Don offered to hire me and have me learn the business from the ground up." Green says Montgomery gave him a tool belt, hammer and speed square on day one and assigned him to a roof framing crew at Washington's Landing. "He told me to show up and they would tell me what to do. He also said that while I was at it to pay attention and ask lots of questions."

What Green observed was construction that showed a lot of attention to detail. The framing was stick built rather than pre-

“I’d like to see us doing more in the city,” he says. “There are still opportunities to recycle old steel mill sites. Even if a project morphs into taking an old industrial building like the Brake House, that’s something we’d look at with a lot of interest.”

fabricated. The exterior walls were filled with blown in insulation. The materials used and the designs of the homes themselves were a few steps up from standard. His next assignment gave him even more insight into the business, as he was thrown into the pricing and awarding of contracts for the 1660 Murray condo. Taking over another contractor’s subs gave Green a sense of how valuable Montgomery & Rust’s subcontractor relationships were. As the owner who is responsible for the company’s day-to-day operations, Green realizes now how important these early trials by fire were.

Mark Rust’s involvement in the business was in part motivated by a long-standing interest in community redevelopment initiatives and an involvement with Habitat for Humanity, but it took a little while for those interests to align with his career.

He graduated from the University of Rochester’s Simon School of Business with a master’s degree in Business Administration in 1990 and what appears to be the family’s uncanny bad luck with business cycles, to pursue a career in investment banking. Even though the financial industry was mired in a credit crisis, Rust was able to land a job with boutique investment bank, Ferris Baker Watts in Baltimore. It was there that he got involved with Habitat. After 15 years with the company he began to get the itch to be his own boss and when he saw problems coming into the industry in 2006, Rust came back to the family business as a way to blend his finance background with an urban redevelopment business.

Of course, the summer and fall of 2008 proved to be a difficult time for any business to transition to new ownership, let alone a homebuilding company. As the founders and the new owners were plotting a course through the financial crisis they received a call from the TV show, *Extreme Home Makeover*, asking them to be the contractor for an upcoming episode in Pittsburgh. Instead of focusing on daily headlines about failing banks and stock market collapses, the managers at Montgomery & Rust got to figure out a way to build a five-bedroom house in Penn Hills in one week.

“The producers wanted a family-owned business to rebuild a family’s home,” explains Mark Rust when asked how the firm was chosen. “They did their homework and said they heard about our reputation and knew about my involvement with Habitat.” Rust also says he takes the explanation with a grain of salt. “Once everyone got on site I spoke to one of the crew who

told me that the advance research guy is asleep about half the time,” he jokes.

The subcontractor relationships that Greg Green learned to value made a difference to the Makeover project. “When it came time to plan the house, all of our subs volunteered their time,” he says. Pulling together dozens of contractors and suppliers – plus a number of commercial contractors whose owners were friends of Murray Rust and Don Montgomery – the team started construction on October 17, 2008 and completed the house in time for the big reveal on October 24. The exposure Montgomery & Rust received was matched by the satisfaction of delivering a home of their standards to someone who needed a hand.

While doing more television isn’t part of the company’s strategic plan, the new generation of owners does foresee some changes in direction.

“What I see that we need to do strategically is to get more projects. That’s not rocket science,” explains Mark Rust. Montgomery & Rust runs fairly lean, with seven people in the office and five managing the work in the field, but they provide services like architecture and manage projects so that their customers get involved in the whole process of building. Rust realizes his staff has talent that could be spread across more work. “I’d like to get the firm where it’s not dependent upon the success of one project.”

The company is currently working to get started on two small projects in Ligonier, a 17-unit mixed residential style neighborhood called The Armory and four single homes on Church Street. A handful of lots are also still available at their Hampton Woodlands community, but Montgomery & Rust’s resources are mainly tied to the completion of the Summerset at Frick Park, which has several hundred homes yet to build in coming phases. Mark Rust and Green know that the demand is healthy at Summerset but that the pace of construction is within their capacity, so they are keeping their eyes open for other opportunities. For Rust, the most interesting ones would be focused on redevelopment.

“I’d like to see us doing more in the city,” he says. “There are still opportunities to recycle old steel mill sites. Even if a project morphs into taking an old industrial building like the Brake House, that’s something we’d look at with a lot of interest.” [NH](#)