

Condominium conversion controversy lingers

By JACKIE KLEIN

As the decade ends, one of the most controversial and devastating local issues is condominium conversions.

Carrier of the Month Farmington



BRUCE MUTZ
Farmington

Bryce Mutz, 13, is Farmington's Carrier of the Month for December. He is the son of Martin and Kathleen Mutz of Farmington Hills. In addition to Bryce the Mutz family boasts Kyle, 11, and Mary Beth, 4.

The Power Junior High student earns A's and B's and is on the school's honor roll. He enjoys math, shop and physics as well as R.C. modeling and fishing. He plans to go to college and become a doctor, dentist or businessman. He is a member of Boy Scout Troop 179 in Farmington.

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And as the next decade debuts, apartment dwellers in growing numbers will be waiting for what they fear is the inevitable death knell to their rental units.

The concern, especially for older citizens on fixed incomes, is that their apartment buildings will be converted to condominiums which they can't afford to buy. Many footloose apartment residents may be able to come up with the downpayment and the mortgage costs but they don't necessarily want to sink their roots in the neighborhood.

Politicians are jumping on the bandwagon because it's expedient for them to target on problems plaguing their constituents. Public officials hope these constituents will take memories of these efforts to the voting booth in the next election.

Condo conversions have sparked legislative campaigns to harness the growing trend. State Sen. Doug Ross, an Oak Park Democrat whose district includes Southfield, Lathrup Village, Farmington and Farmington Hills, is chairman of a task force studying ways to protect apartment tenants from the effects of conversions.

He's joined by state Rep. William Ryan, a Detroit Democrat, former speaker of the House of Representatives, and Rep. Joe Forbes, an Oak Park Democrat and House Majority Floor Leader.

THE TASK force conducted a public fact finding hearing in Southfield last week. A parade of senior adults went to the microphone to talk about their fears — being in a financial bind and living on their meager assets, believing their life expectancy is too short to invest in condominium housing and wondering where and how they would move if their apartment units are converted.

Southfield Councilwoman Lillian Jaffe Oaks was at the hearing. One of her reelection campaign issues was condominium conversions and what can be done about them. Her response from Council President James Collins was, "We don't want to discourage home ownership in the city." Councilman Philip Peterson said, "We can't interfere with the right of free enterprise."

It would take three years for an owner of rental apartments to win state approval to convert them to condominiums under a bill recently introduced by Rep. John Bennett, Redford Township Democrat.

Under the measure, approval for the conversion wouldn't be granted unless 50 percent or more of the residents of the apartment project agreed to buy units.

Bennett drafted another bill which would require that elderly tenants be given life leases in any apartment project converted to condominiums. The problem, according to many

analysis

renters, is that if the bill is passed, it will be too late for them. Another fear is that developers will rush to apply for conversions to circumvent the proposed legislation.

LEGISLATORS, however, are hoping for a grace period because high interest rates have slowed down condominium conversions. The same applies to would-be apartment developers who aren't starting new buildings because of inflated interest rates. Apartment owners say rental rates can't keep up with rising costs of operation and higher taxes. This makes for a catch 22 situation.

Robert M. Meisner, an attorney who represents many condominium associations and co-owners throughout the metropolitan area co-drafted the Bennett bill.

"I'm aware of many protections provided to consumers under the act such as disclosure statements," he said. "While there have been many abuses in the conversion area, it appears that present conditions will dissuade certain developers from converting at this time which may alleviate some problems."

An organization called United Condominium Owners of Michigan was founded five years ago to represent the interests of co-owners, Meisner said. As general counsel to that association, Meisner said he has intervened in gas and electric utility rate cases to benefit condo co-owners and associations.

The problem for would-be renters may not be a lack of available apartments. It's a shortage of apartments in a desired area at rental rates tenants are accustomed to paying.

Apartments which were built many years ago for about \$15,000 a unit are now being sold as condominiums for \$50,000. Many were built with federal or state assistance to provide rental housing. So owners who convert are going to make big gains while the tenants lose.

Opponents of a moratorium on conversions note that the U.S. Senate Subcommittee on Housing has made a study and came to the following conclusions:

- The trend to conversions reflects the public's preference for owner-occupancy.

- There are about 10 million units in the rental housing market so conversions can't drastically affect that market.

- Converters make hefty profits but the biggest gainers are the initial purchasing owners.

Freezing conversions could put excessive demands on existing condominium units, pushing up their prices.

THE APARTMENT Association of Michigan also lists reasons for not prohibiting condominium conversions. Among them are that conversions open up an entire new housing opportunity at market values lower than those of single-family homes. The association also claims that most condominium buyers wouldn't normally rent so the demand for rental housing is reduced in equal number.

Southfield's new and used condominium market has been in the upswing as apartment rentals have continued to soar. Older condominium units have doubled and tripled in price since they were first developed.

"Consumer awareness of the realities of condominium buying is essential to assure the future success of the industry and to protect individual investments," according to Wallace Boothby Jr., president of the Institute of Real Estate Management.

Professional property managers, he said, are very aware of the problems which can arise if condominium buyers are uninformed or misinformed.

Included in a free brochure, "Consumer's Guide to Buying a Residential Condominium," published by the institute is the question "Does the building have a policy on absentee owners?"

Kids enjoy computers

(Continued from page 1A)

ers this year to be used in the district's three high schools.

A math club at Farmington High purchased its own model. Forest, Eagle and Middlebelt elementary schools also have computers on order.

"THE BIGGEST problem in introducing computers into schools is a lack of plan of use," Peterman said. "You can't buy them and let them sit on the shelf."

Using a computer language called BASIC (Beginner's All-purpose Symbolic Instruction Code), the students learn to write programs.

"They just walk up (to the computer) and they're doing it. It blows teachers' minds. They catch on quickly."

Peterman said computers could easily be adapted to any type of learning situation.

With retrained children, computers could help develop motor skills and coordination. With remedial students, computers could act as teacher aides, patiently repeating the same math or reading lesson until it is learned.

FIFTY PROGRAMS are stored on cassette tapes in Peterman's computer now. Several more may be added.

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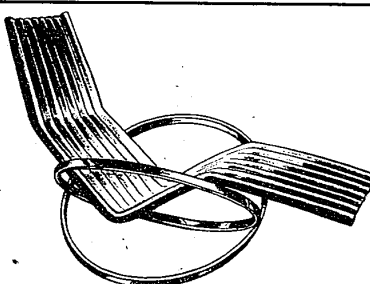
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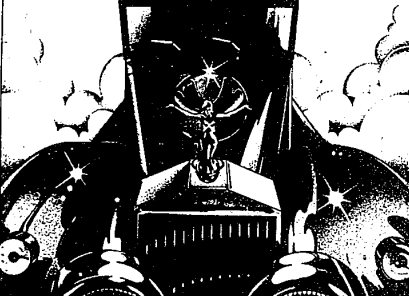
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