

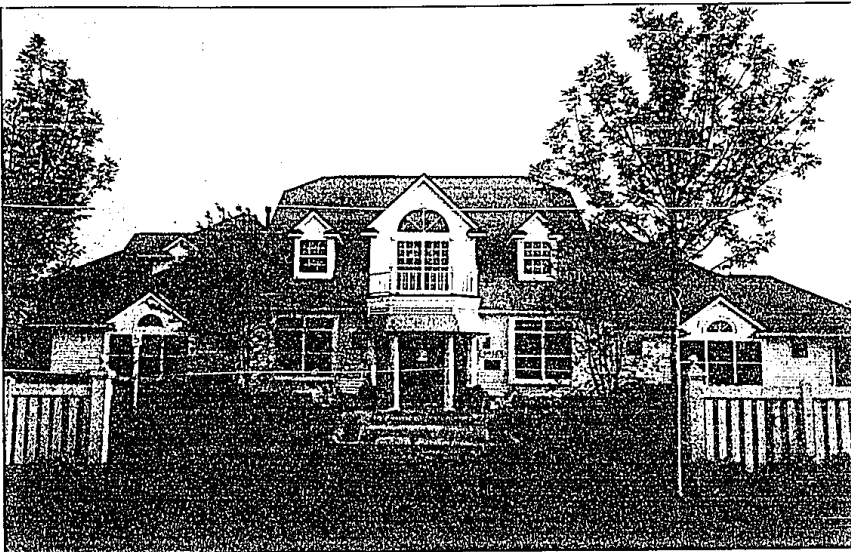
Building Scene

Marilyn Fitchett editor/591-2300



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Guests of Village Suites can use the Village Green apartment facilities like this clubhouse at the Farmington Hills site.

Suite life aimed at the long-term business traveler

By Gerald Frawley
staff writer

Since the days of the Fuller brush men, traveling salesmen have been looking for someplace to hide from the rain and lay their heads at night.

Today, the businessman no longer relies on a Ford Edsel and gully-like roads — airplanes and modern freeways have since solved the problem of getting from one place to another — but finding a place to sleep for several weeks can still pose a problem. Jonathan Holtzman, co-chairman of Holtzman and Silverman Companies in Farmington Hills, thinks he has the answer. Holtzman and Silverman Companies, in addition to developing residential houses, builds and manages 18 Village Green apartments in southeast Michigan.

"What we've done with our company is find a niche that hasn't been addressed," he said. "We guess there are 500 people on any given day looking for some place to stay for 30 days or more."

To meet this market, Village Green began offering short-term, furnished apartments in January of 1989.

Offered in two packages, rental rates start at \$38 a day, but lower rates are available for visits extending beyond 90 days.

Holtzman said he has approximately 100 furnished apartments available for short-term leasing throughout southeast Michigan with a 90-95 percent occupancy rate.

"I should have 200 by next year," he said.

Automotive companies, foreign businesses, athletes, computer firms and theater people in town for several weeks or months are the most likely candidates for short-term lease, furnished apartments, he said.

"We're here for people that need a place to stay for 30, 60 or 90 days while they're in town for a job or relocating and haven't had a chance to look for a home," Holtzman said. "We're not going after the less than 30 day market."

"About 20 percent of Americans move every five years — that's astounding when you think about it," Holtzman said. "Until a few years ago, the rental people said, 'sorry,' and the hotel people said, 'sure, we've got a place for \$70 or \$80 a night that's a 2,500-square-foot box.'"

"Now we're saying wait a min-

ute," Holtzman said. "We can charge 50 percent less than a hotel, offer furniture, short-term leasing and more space."

Village Green and others like it can provide all the services of a hotel plus the social atmosphere and the amenities associated with upscale apartment living, he said.

Holtzman said the renting price of \$38 a day is still costly — more costly than renting an apartment and furnishing it would be — but most companies that transfer or train new employees pick up part or all of the tab.

Individuals typically stay shorter lengths of time, while looking for a more permanent place, he said.

Many companies that frequently transfer employees or trainees, rent a long-term apartment, furnish it themselves, and then rotate transferees, Holtzman said.

"But some companies don't want to take the time," he said. "That's where we come in."

In the future, short-term apartment operators like Village Green will eventually take more of the market — even though there are relatively few in business now.

Paula Butler, spokeswoman for Marriott Residence Inn, which also serves the business traveler and temporarily homeless, said the company has noticed a trend toward short-term apartment leasing, but it has not affected Marriott's business yet.

Most short-term apartment operators, she said, are going after the more than 30-day-stay visitors, so most of the Residence Inn's customers are safe. The average Residence Inn customer's stay is 10 days, Butler said.

Some residents do stay for longer periods, and those numbers have not decreased in recent years, Butler said. In fact, the number of customers served by Residence Inn continues to grow.

"There's no question there is business out there," she said, but added that the regular hotels are still getting the lion's share of the market. "It's just that people aren't aware there are (short-term renting) alternatives."

"In a way, the competition (between extended stay hotels and apartments) is good for us," Butler said.

Consumers to pay price for clean sites

By Gerald Frawley
staff writer

Developers will continue to build despite a growing body of laws holding them responsible for contamination on property they buy, and in the long run, the consumer will pay the price.

Real estate attorney Sheldon Winkelman of Honigman, Miller, Schwartz and Cohn, Detroit, told developers from the Building Owners and Managers Association of Southeastern Michigan (BOMA) that buying property before a thorough investigation is not only foolish, it is also becoming more complicated.

Land buyers regularly add clauses in sales contracts holding the previous owner responsible for contamination found on the site, Winkelman said. "Ten years ago, no one would have expected something like that and they would laugh if it were included."

Sellers, naturally, resist those requirements, he said.

BANKS, WINKELMAN said, place increasing emphasis on environmental issues and often insert lending agreement clauses holding borrowers responsible for site contamination in the event of foreclosures.

Some agreements hold borrowers responsible for contamination even after a bank transfers the

property to someone else.

Environmental attorney Philip A. Grasshoff Jr., also of Honigman, Miller, Schwartz and Cohn, said environmental audits are essential for every project, regardless of whether the property to be bought is vacant land or has been previously developed.

Audits are a developer's best protection should contamination be discovered on the site, Grasshoff said. Audits may be costly, and a court still may find a developer liable for cleanup costs regardless of what the audit finds, but they are the developer's only defense.

"Innocence (from causing the contamination) is no defense," he said.

DESPITE ENVIRONMENTAL impediments to land development, it is unlikely developers will stop building, BOMA president Richard Roeser said.

"People still need houses, still need shops, and they still need offices." In the past, all builders and land speculators had to worry about was whether the location and price were right, he said.

"Perhaps that's an oversimplification, but it's no longer that easy."

There are ways for developers to protect themselves, Roeser said, but it's obvious building in the

next century is going to be very different.

"I don't see it getting any easier, but I also don't think the world will stop."

THE IMPACT of environmental issues on building is a sign of the times, said Steven Fisher, a developer with the Selective Group in Farmington Hills.

Because laws require that landowners clean up contamination on property they own, the developer can avoid buying a parcel of property or make a decision based on the information, Fisher said.

"As a buyer of land, I send out the environmental consultants to survey the land — if it's dirty, I walk away. If it's clean I decide if I want to buy it."

As long as developers practice due diligence by thoroughly investigating sites, they should be protected as an innocent third party to the pollution, Fisher said.

THE LAWS are still new, so it may take time before all the nuances become apparent, Fisher said. For example, should a developer with contaminated property be held liable for contamination missed by the environmental consultant?

"It doesn't paint a rosy picture," said developer Robert Schwartz of United Homes Inc., Farmington Hills.

In the long run, the cost of complying with new laws will be passed on to the consumer.

Purchase contract should include inspection clauses

I am having a problem with my real estate agent, who won't allow me to inspect the unit prior to closing. I retained the right to inspect the unit prior to the deal becoming binding, and I am wondering whether I can insist upon an inspection before closing. Can you help me?

A. More than likely there is a provision in your contract that indicates that the seller should keep the premises in the same manner as at the time of purchase, reasonably wear and tear excepted, and that you have the right to inspect to insure that that has been the case prior to closing. Even if that inspection provision is not in the purchase agreement, a reasonable construction of that provision would allow you, in this writer's opinion, to such an inspection. You should contract an attorney to assist you in protecting your rights, particularly if you suspect that there have been problems with respect to the maintenance of the condominium unit after your initial purchase. A good lesson to learn from this is that there should be an inspection provision in your agreement allowing you to both inspect the premises before and after the agreement becomes binding, but before closing, with an adequate provision for holding monies at closing in escrow pending a completion of any defects and deficiencies found in the unit that were covered under the purchase agreement to be the responsibility of the seller.

In November 1988 we purchased a condominium in a new development



condo queries
Robert M. Melsner

and paid \$159,000. In June the price was reduced to \$149,000. This price is not for a few remaining units that the developer was anxious to sell but for units that are still under construction. Do we have any redress as to this devaluation in price is just a six-month period?

The practical problem is that the purchase price for any unit is based on what the market will bear. The developer's position will no doubt be that he was asking too much for the units and is reducing the price to market them more readily. On the other hand, to the extent that the developer represented to prospective purchasers, expressly or implicitly, that this was a fair price for the unit and that the price wouldn't be reduced at some subsequent time, you may have a claim against the developer for misrepresentation. You should check the sales brochures and review your notes and recollections concerning what you were told at the time of purchase to ascertain whether you have any recourse.

Robert M. Melsner is a Birmingham attorney specializing in condominiums, real estate and corporate law. You are invited to submit questions for this column, by writing him at 30200 Telegraph Road, Suite 467, Birmingham 48010.

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