

County offers home buyers good value

By Louise Okrutsky
staff writer

Home buyers are in the driver's seat in the Oakland County real estate market. The fast-paced turnover which benefited owners two years ago is slowing down enough to give buyers the advantage this year, according to realtors.

A recent survey by Connecticut-based Merrill-Lynch Realty ranks the Detroit metropolitan area eighth among the country's most affordable housing markets. The survey, rated areas according to affordability and sales of existing homes.

According to the survey, buyers in the metropolitan area, which includes Oakland County, are in a better position to commit 28 percent of their annual income to mortgage costs. Wages and housing prices are at a more advantageous balance here than in other areas of the country.

And those who buy housing in Oakland County, where median prices

hover in the \$100,000 range, can generally do so without going much beyond the long established guideline of using a bit more than a quarter of your earnings to pay for housing.

FOR THE MOST part, the market's kept up its rebound from the bad old days of real estate, the early 1980's.

This year, when interest rates rose to 14 percent, it put a damper on the spring and early summer market, according to real estate reports. When financing dropped to 9 1/2 percent, buyers returned.

However, they're dealing at a slower pace than two years ago when homes sold almost as soon as they hit the computerized listings.

"Most listings are taken for 90 days and homes are about 45-90 days on the market," said Cindy Jacobson, a real estate agent with Century 21 Town and Country, Troy.

While bargain hunters still try to grab a home for appreciably less than the seller wants, many buyers

are willing to come close to the asking price for a home that suits them.

According to the Birmingham-Bloomfield Board of Realtors, the median price of homes in the area and the number of sales in June have remained at levels similar to June 1988.

Those figures cover homes in Birmingham and Bloomfield Hills and portions of Bloomfield Township, West Bloomfield Township and Troy. In June, there were a reported 430 homes listed on the market and 192 sales at a median price of \$178,500.

Last year in June, there were 416 homes on the market and 190 sales at a median price \$179,500.

IN HIS 41 years as a builder, James Bonadeo says he doesn't remember seeing another seven-year housing boom such as this one. "This is the longest upsurge I've ever seen," Bonadeo is president of the Builders Association of Southeastern Michigan.

Farmington Hills, West Bloom-

field, Plymouth and Rochester are top areas for residential housing, he said. Next, he sees more buyers going into the Rochester/Rochester Hills area.

This year's Homearama takes place in the Rochester area. Housing in the Rochester area carries a median price of about \$144,000.

"Transferees, that's what helps us," said Chet Pietrak, president of the Rochester-Rochester Board of Realtors. Corporate employees who have been transferred to the area aren't as likely to put off buying a home when interest rates rise, he said. "The interest rate is irrelevant to them," Pietrak said.

Buyers for the most part become more confident in what they want from a home the second and third time around. "They're more sure of themselves. They want a bigger house, a better location, schools," said Jacobson, who's sold real estate for 11 years. "They know what they want."

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President, Builders Association
of Southeastern Michigan

Most buyers looking at used homes are realistic about what they'll find, she said. "The carpeting may not be new or a neutral color. The wall paper may not be what they like. But they're willing to change things. They're looking at the floor plan. They're getting the shell. They want to know if the bathroom is in good condition. They want the house to be in good condition so they won't have to buy a furnace after they move in," Jacobson said.

BUYERS WHO BUILD a house are less likely to settle for second best. Instead, they're demanding more luxury items and larger homes than their parents. That can mean anything from an entirely brick exterior to imported kitchen cabinets, according to Bonadeo.

He's surprised by the run on houses with base prices at \$225,000.

"It's just unbelievable," he said. "You see young couples come in. Between the two of them they're making \$90,000 to \$110,000 a year," he said.

Most of his buyers are looking for their second or third home. "They are people who bought their first home since 1980 for \$110,000 and

they can sell it for \$180,000 to \$190,000. They have terrific equity and they're upgrading themselves. It gives these kids are real boost," he said.

They're pouring that profit into the new home, too. "The houses are expensive and it's not unusual to see people put in \$4,000 to \$10,000 in extras," he said.

Among the favorite embellishments are whirlpool bathtubs, fancy light fixtures, woodwork and oak trim, expensive windows and half-acre to one acre lots. "I've ordered cabinets I've never heard of before I ordered them," Bonadeo said.

First-time buyers and those with lower incomes are left out of this market.

"The real heartbreak is the people who aren't making a great deal of money — I can't build for them," Bonadeo said. "I can't do low-cost housing. The average lot costs \$55,000-\$100,000 to develop. Property costs \$20,000 to \$30,000 an acre."

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Teachers back half-cent tax hike

By Tim Richard
staff writer

Two leaders of the education establishment are going separate ways on the two state school tax proposals on the Nov. 7 ballot.

The Michigan Education Association is endorsing Proposal A, a half-cent increase in the 4 cents sales tax. The Michigan Association of School Boards is backing Proposal B, a 2 cents increase with part of the money going to property tax reduction.

"Supporting Proposal A is probably one of the most significant improvements for education in Michigan that could happen," said Larry

Chunovich, the former Southfield math teacher who is MEA president. CHUNOVICH said MEA is committing \$1.5 million to an estimated \$3 million campaign.

After the union's 60-member board unanimously endorsed the proposal last weekend in Sault Ste. Marie, it began a leadership conference to train 550 members on how to mount a campaign.

"Proposal A not only provides dollars for current programs, it sets standards for improved curriculum and decision making processes in the school system," he said. It would pump about \$400 million in new money into public schools.

Chunovich said Proposal A will help 90.3 percent of Michigan K-12 students and deliver more education money because it takes effect sooner.

Proposal A was developed by the so-called "Harden Commission" of business leaders, unions and educators. It is supported by Gov. James J. Blanchard.

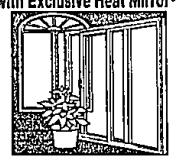
If voters approve both proposals,

the one with the most yes votes will become part of the Michigan Constitution.

PROPOSAL B was endorsed last week by the MASH, consisting of elected school board members.

It would raise the sales tax by 2 cents, bring schools \$460 in new revenue and cut school operating property taxes a net of \$1.1 billion, or 33 percent on residences.

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