

Building Scene

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Builders hope for easing of regulations under Engler

By Gerald Frawley
staff writer

For the first time in a decade, builders are excited about a Michigan governor.

Despite the building boom during the 1980s — which occurred during James Blanchard's term — builders were pleased last election day when John Engler narrowly edged out Blanchard for the governor's seat.

Builders may have enjoyed incredible prosperity under Blanchard, but they also encountered no-growth, slow growth sentiment, stricter wetlands and environmental impact laws, out-of-sight property taxes, and what they saw as a cold shoulder to their concerns.

But Engler, he's their guy. A pro-business, pro-economic development governor, they argue, can only be beneficial to them.

But what of Engler? With the exception of a few nebulous statements on improving Michigan's economic environment, Engler's stand on topics of specific interest to the building industry is unclear.

"We'll need some time to determine just how good Engler's going to be for us," said Donald Pratt, president of the Michigan Association of Home Builders and president and treasurer of Wake-Pratt Enterprises in Troy, said.

Pratt said it was not so much a case of Blanchard being bad for building as it was a case of Blanchard being unsupportive.

One would think, Pratt concluded, that a Democratic governor would be more supportive of builders who provide jobs, revenues, and — most importantly — shelter. But we never felt we had his support.

"But he (governor Engler) understands the over-regulation of our industry," Pratt said. "He seems very receptive to some of the things we need to do."

MARK WYCKOFF, president of the municipal planning firm Planning and Zoning Center Inc. in Lansing, said Engler may be receptive to private sector interests, but as governor he will also have to answer to the public interest.

Wyckoff, a consultant for several Oakland County communities seeking ways to control development, said Engler may be essentially pro-business, pro-private enterprise or even pro-development, but controlled growth proposals do not run contrary to these initiatives.

Wyckoff is a co-author of a report on existing growth management techniques and proposed legislation to better control growth in Michigan.

"I have a loosey read on the new governor," Wyckoff said. Engler has done little more than propose a budget and make a few appointments. As for identifiable positive or negative signals from Engler on development, Wyckoff said he's not certain where the next four years may lead.

Even if Engler desired to eliminate all growth controls, he couldn't do it, he said. "Just because we have a new governor doesn't mean it all gets thrown out the window."

Any changes to state law would have to pass through the legislature, he said. "It's not a free ride by any stretch of the imagination."

ENGLER'S BASIC philosophy of less government and lower taxes will benefit builders, just as it will benefit all private enterprises, said Engler press secretary John Truscott.

Truscott said specific Engler initiatives that ought to encourage the building industry include a reorganization of the department of natural resources separating recreation and wildlife from its environmental protection functions.

Hopefully, such a move would help to eliminate some of the bureaucracy and redundancy in the department, Truscott said. "In general, the governor believes there's too much redundancy in state government."

Another often-heard complaint from builders is that the state's wetlands preservation act is too vague. "Governor Engler," Truscott said, "will instill consistency in the state's

John Engler
'understands over-regulation'

wetlands regulations. The problem the governor has always had with the wetlands regulations in the past is they haven't been uniform," he said. With no exacting definition, the law has been applied unevenly from case to case.

BUILDER ASSOCIATION of Southeastern Michigan President James Bonadeo said builders don't expect extreme changes in the law and would free builders to develop unrestricted.

What encourages them, is that Engler appears to be a friend of development, whereas Blanchard was not, he said.

Blanchard may have sat in the governor's chair during the building boom of the mid-1980s, but he had little to do with it, Bonadeo said. "I don't think Blanchard went out of his way to help us in the building industry."

Blanchard's lack of support for the industry resulted in an unprecedented pre-primary election endorsement by the state builder's association which usually waits until after state primaries before backing a candidate, Bonadeo said.

"Hopefully, that will leave some tender feelings (for the building industry)," Bonadeo said.

Gerald Fisher, an attorney with Kohl, Secrest, Lynch, Clark and Hampton in Farmington Hills that represents several municipalities in zoning matters, said it is premature to get either overly enthusiastic or depressed about what to expect of development under Engler.

Fisher is also a co-author of a report on Existing Growth Management Techniques and Proposed Legislation for Michigan.

"My feeling is the governor has an open mind," Fisher said, even though Engler addressed many issues developers might consider beneficial throughout his campaign.

OTHER ISSUES, like controlling urban sprawl and using existing infrastructure — roads, sewers and water — rather than building new infrastructure are likely to favor controlled-growth initiatives, Fisher said.

True, builders and developers may have more of a reason to be happy with Engler because of his general inclinations, he said, "but they should also remember these are matters of public interest."

MAHI president Pratt said all builders want are fair laws that will allow them to develop their property. This does not mean unrestricted development that damages the environment or runs contrary to public interest.

Fair, consistent wetlands regulations and a more streamlined platting approval process would go a long way to speeding up — and therefore reducing costs — building projects.

Expediting the permitting and registration process at the local and state level for issues ranging from wetlands and woodlands mitigation to plat approval are making affordable housing an impossibility, Pratt said.

Moving a project from the planning to building phase can take up to three years under current regulations, Pratt said. Shortening that planning period to six months would hurt neither the community nor the project, he said.



Products ranging from hand tools to heavy equipment will cover the Silverdome's main floor and concourse for the CAM Expo '91.

Construction expo at Silverdome

The Construction Association of Michigan will host its annual construction expo and conference Wednesday and Thursday at the Pontiac Silverdome, marking its seventh year as the Midwest's largest show of its kind.

More than 600 exhibit spaces will cover the Silverdome's main floor and concourse area with products ranging from hand tools to heavy equipment. Show sponsors do not expect the downturn in the economy to affect attendance.

"Each year the show participation and attendance keep climbing," said James McLaughlin, show manager. "This year doesn't look like any exception to the pattern. With everyone tightening their belts, the show is more important than ever since exhibitors are trying to reach sincere buyers, and buyers are looking for bargains on construction products and services."

He predicts attendance of more than 12,000.

The show will also feature construction-related seminars taught by industry practitioners. The seminars are sponsored by CAM's educational division, the Institute for Construction Management.

Wednesday seminars are:

- The Bidding Process. The program will address bidding plans and specifications, pre-qualification procedures, and avoiding losses through negotiation. Taught by Mike Ferber, president of Jeffers, it will run from 1:30-4 p.m.

- Financing Alternatives for the Contractor. Issues are risk assessment, loan structure alternatives, reporting, schedules and backlog, role of a CPA, and case studies. The course will run 3:30-5 p.m. and will be taught by Michael L. Bourke of Comerica.

- Thursday seminars are:
- How to Buy or Sell a Business. It will look at ways to determine real value of a business prior to selling, preparation for sale, finding

buyers, negotiations, evaluating offers and financing options. It will be offered from 9 a.m. to noon and will be taught by John Engel, director of merger and acquisition services group of Plante & Moran.

- Performance and Payment Bonds. A Clear View of the Total Picture. Class examines the difficulties in getting bonding and restrictions that apply to bonding. It will also address how companies compute bonding capacity; financial reports; minimum capital and financial condition requirements, and perfecting a claim against a payment bond. The class will be taught by Sherry Vandoring, audit manager of BDO Seidman, Thomas & Koch, account executive of the construction division of Corroon & Black of Michigan, Kahn, Gitt, Rose, Howard & Harnish. It will run from 9 a.m. to 5 p.m.

- Drug-free Workplace. Issues include how to comply with federal law, requirements of major owners, extent and cost of substance abuse in the construction industry and why contractors should be concerned. William F. Maloney, professor of construction engineering and management at the University of Maryland at College Park will teach the class, which will run from 1:30-4:30 p.m.
- Attacking the Cash Flow Problem. A panel discussion, the seminar will present an overview of the cash flow situation in the industry. The panel will discuss ways to improve cash flow and how to use the Michigan Lien Law as a way to insure payment. Owners, general contractors and sub-contractors will make up the panel. It will be from 1:30-3 p.m.

In anticipation of larger crowds, there will be two entrances to the show, and advanced registration available. Show hours are 1-9 p.m. Wednesday and 11 a.m. to 8 p.m. Thursday. For more information, call 567-5500.

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Condos more attractive than co-ops

We are living in a 30-unit cooperative. A number of the residents have gotten together to consider converting to condominium. What has been your experience in the feasibility of such an endeavor and does it really result in an increase in the marketability of the units?

More and more cooperatives are considering the possibility of converting to condominiums. First, the marketability of the cooperative turned into a condominium is much greater because of the ability to obtain financing from banks and savings and loans in connection with condominiums as opposed to cooperatives.

Secondly, as a generalization, the general public is more inclined to buy a condominium than a cooperative in most instances because of the availability of financing and a more general acceptability of condominiums in this vicinity. As far as accomplishing the task, you will need the cooperation of the cooperative members, but it can be successful with substantial economic incentive for all members of the cooperative to seriously consider the conversion process.

My unit is badly in need of what should be routine maintenance. I am experiencing strong drafts through all of my windows, even after ensuring that they are fully closed. Upon close examination of the windows, I have noticed bad seals, broken latches and cracked caulking that I believe is contributing to the problem. I would like it upon myself to have the windows inspected and repaired as needed, but I fear retaliation from the association if I attempt such a move. I have written a letter directly to one of the officers addressing this issue, but it has been ignored. What action do you suggest I take?

You have not made it clear whether the association has maintenance responsibility for the windows



condo queries

Robert M. Meisner

or if you do. If in fact it is the association's responsibility, and they do not undertake to do so, you should advise the board of this fact and of the fact that you are concerned about the board not discharging its responsibilities. On the other hand, if you choose to undertake the maintenance problem yourself, it should only be done if the board allows you the opportunity to do so or if you have the obligation under the condominium documents to perform maintenance on the windows. I would not be worried about retaliation if you undertake routine maintenance, presuming that the board allows you to do so, or as previously indicated, you have an underlying obligation to do so under the documents.

clude them from playing there under the basic concept of trespass law. I would write the board and request that they obtain a legal opinion as to the propriety of limiting ball playing, assuming they wish to do so. If they are not willing to do so, I would

suggest that you request that they provide you with a written explanation as to why they are not willing to do so.

Robert M. Meisner is a Birmingham attorney specializing in condominiums, real estate and corporate law. You are invited to submit topics about condominiums that you would like to see discussed in this column by writing Robert M. Meisner at 4020 Telegraph Road, Suite 407, Birmingham 45218. This column provides general information and should not be construed as legal opinion.

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