

BUILDING SCENE

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THURSDAY, AUGUST 6, 1992

Condos added to Homearama

It'll be a parade of homes with a twist when the Builders Association of Southeastern Michigan debuts its Homearama/Condoms Sept. 3-20 in the Vineyards subdivision on Ryan Road south of Hall Road (M-59) in Sterling Heights.

For the first time, detached and attached condominiums will be included with single-family houses in the same showcase development by Mocerri Development Co. and Trinity Land Development. The fall edition is the 10th annual showcase of new idea homes sponsored by BASM, based in Farmington Hills. Roy Maly is show chairman.

Attached condos will be priced from \$130,000, detached condos at \$150,000 and single family houses from \$200,000. Thirteen homes will be open for public viewing.

Three builders from the Observer & Eccentric circulation area will participate.

Canyon Construction of Troy will be offering a four-bedroom, three-bath, 2,900-square-foot house priced at \$229,900. The traditional colonial features a great room with round ceiling, quarter round windows and fireplace. Oak flooring and a built-in china cabinet are found in the kitchen.

The Sunoma is designed by Robert & Terri Kozloski. Interior design is by Cindy Chownic, and Environmental Artists is the landscaper.

JAD Homes of Bloomfield Hills is offering two attached condos priced in the mid-\$130,000 range. Both include private entries, kitchens with breakfast nooks and master baths with separate tub, stall shower and double vanity.

Ronald Mayotte & Associates is the architect, Perlmutter & Freiwald the interior designer and Torre & Bruglio the landscaper for both the Burgundy and the Angelica.

A split ranch single-family house is the work of J.B.A. Homes of Troy. It features a 12-foot ceiling in the dining room and a three-sided oven fireplace that divides the great room, nook and hearth room. The Franklin is priced at \$232,500.

Design is by Lipka & Associates Residential Design, landscaping by Don's Landscaping and interior design by Beautiful Beginnings.

The Homearama/Condoms site is described as "spectacular" by Bernard Gilberman, BASM president. More than 55 acres, it includes open space, ponds, wooded and wetland areas.

The event is co-sponsored by Consumers Power, First Federal of Michigan and Detroit Edison.

Admission is \$6 per person. Discount coupons for admission Monday through Friday are available through the co-sponsors and Lakeside mall. Hours are 3-10:30 p.m. weekdays, noon-10:30 p.m. weekends and Labor Day. Furniture and accessories of most models will be on sale the last day of the show.

Homearama/Condoms committee members whose residence or business is in the area include: Jerin Yackness and John E. Barber, Bloomfield Hills; Rosalie Lamb, Farmington Hills; Michael Garofalo and Richard Petersen, Livonia; James Bonadecio and Albert K. Marshall, Plymouth; Salvatore Palazzolo and Frank Mocerri, Rochester Hills; John Altadonna, John Falzetta, Michael Falzetta and James Torrente, Troy; Milton P. Rotenberg, Bernard S. Gilberman, Richard C. Kravick, and Nancy Rosen, West Bloomfield.



DILL BREZLER/STAFF PHOTOGRAPHER

Rare breed: This strip center on Ann Arbor Trail in Livonia is one of the few that are being built thanks to today's difficult market conditions.

Commercial building projects snubbed

■ A combination of high vacancy rates in existing commercial centers, tight lending policies and lack of builder interest has put the brakes on commercial development.

Little increase in commercial building activity has accompanied declines in construction loan interest rates and rates on post-construction take-out (mortgage) loans.

Financial institutions continue to maintain tight lending policies.

Many commercial builders are sitting on the sidelines because vacancy rates hover around 20 percent in offices, in excess of 10 percent in shopping centers.

Builders who dare to venture into overbuilt retail and office market find that they must jump more of their own money into projects than was required several years ago.

"The willingness of lenders to lend has been substantially tightened up," said Richard Roeser, president of Benlum & Roeser Development of

Birmingham. "Basically, their ratio of reserve requirements makes it less desirable."

That set-aside requirement, which has risen from 3 to upwards of 8 percent of value of commercial construction loans from savings and loans, has driven First Federal of Michigan totally out of the market, said Donald G. Franck, commercial loan manager for that institution.

"It's a policy decision our bank has made," Franck said. "When we have to set aside \$50,000 (on a \$1 million loan), it's something you can't use for other purposes."

"We have gone totally residential," he added. "We'll do, on a very limited basis, subdivisions because that complements residential (mortgage) lending."

Besides, residential construction loans require only a 4-percent set-aside.

Commercial construction loans usually are pegged one to two percentage points higher than the prime interest rate — what institutions charge their most creditworthy borrowers. The prime was at 9½ percent in January

1991, 8 percent recently.

Construction loans, generally in effect 12 to 24 months, are repaid with take-out balloon mortgages ranging from five to 10 years issued by insurance companies and pension funds. Those rates currently are holding at about 9 to 10 percent, down slightly from 18 months ago.

NBD has money to loan, but isn't finding many takers, said David Fellingham, a vice president in the commercial real estate construction division.

"It doesn't make any difference what the rates are. When it comes down to it, there isn't much demand for office or retail at this time," he said.

If anything, NBD has scrutinized end-loan funding more in recent years than in the past, Fellingham said. And pension funds are making more demands on borrowers, requiring builders to pump in more equity.

"The key variable is availability of take-out funding — mortgages to take over after construction is completed to pay off construction," Fellingham said. Michigan National Bank, headquar-

tered in Farmington Hills, has "a limited amount of money available," said Farris Kallil, senior vice president in charge of commercial real estate.

"Because we have an over-supply (of buildings) already . . . there's not a lot of demand, first of all," Kallil said.

"No question banks are funding more conservatively. If someone were to come in and said they wanted to do a strip center but they had no tenants in advance — first off, no one is making that request, and if you did you probably wouldn't get a positive response."

Standard Federal Bank, headquartered in Troy, hasn't been in the commercial construction loan business in recent memory, said William Yaw, its spokesman.

"We're focused on single-family residential," Yaw said. "Our expertise is residential loans . . . and construction loans for builders who already have land loans in place."

"It's not to say there aren't any loans available for certain deals for certain builders, but the availability of construction loans has been reduced from five years ago," Roeser said.

Free training offered

Want to learn a building skill from the ground up?

Training opportunities are available in roofing, painting/drywall or masonry in a state-funded program offered by the Hazel Park School District in that community.

Suburbanites from throughout the metro area may apply, but there's one big catch. Applicants must be high-school dropouts or recipients of a General Education Development Certificate. Regular grads aren't eligible.

The next 20-week training program will begin Sept. 21. To register, contact school officials at 1-800-928-0080. Participants, expected to attend class four hours daily, may choose among morning, afternoon and evening sessions.

Trainees must select one area of concentration. There is no charge for the instruction. Trainees aren't paid while they learn.

"The intent of the program is to take one skill and learn that well, not jack of all trades," said Josh Stern, employment director. "The intent is to have a guy take a class and make a living at it."

Actually, "guy" is a misnomer. Women also may apply. There is no maximum age, but a minimum of 18.

"We're going to be able to enroll around a minimum of 500 students," Stern said.

Jim Anker, adult education director in Hazel Park, said state funding guidelines restrict who may apply.

Who finish the program.

"We have so many employers calling now, we don't have people to put in," Anker said. "I would say it's one of the most successful programs in the state."

"The key in any training fields with adults is job placement," Stern said. "We offer an employer a good worker who wants to work. One hundred percent of the people we placed in jobs started at \$7 to \$10.88 per hour. We have 1,000 contractors in the metro area we're working with on one."

Trainees spend two hours daily in a classroom learning theory and two hours practicing in a job setting, Stern said.

American Building Trades, a company based in Southfield, provides the curriculum, materials and placement services.

"I've been a contractor for 40 years," said Ron Stern, a director at American Building and Josh's father. "We're looking at putting together a coalition of government, education and industry."

Nearly all of 101 participants who finished the first group training were placed in jobs, Ron Stern said.

What's even more amazing about that figure is that many were the hard-core unemployed and regulars at homeless shelters. The Michigan Employment Security Commission helped transport some of those trainees to class and the first job.

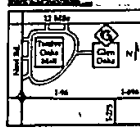
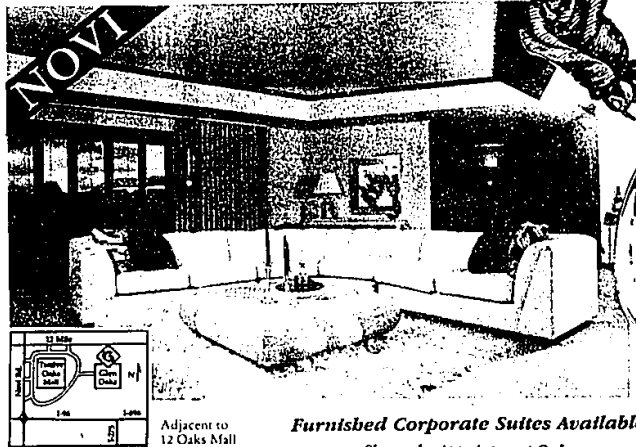
"These people are totally disconnected from society," Ron Stern said. "You don't have dropouts in the suburbs you have in Detroit."

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