

Builders see industry recovery linked to zoning ordinance change

By TIM RICHARD

After a modest 1981 recovery, house builders are looking forward to "pent-up demand" being unleashed during the rest of the decade.

But they predict that buyers will have a tough time finding smaller, cheaper houses because suburban communities adamantly refuse to zone for smaller lot sizes.

"We're looking for an improvement of 50 percent over 1980," said Dave Pink, 1981 president of the Builders Association of Southeast Michigan (BASM). That would mean 15,000 housing starts in the region this year compared to 10,000 last year.

Hosting the press at lunch Tuesday, BASM board members freely used the word "depression" to describe the current market, in which 80 percent of construction tradesmen are out of work.

DESPITE HIGH unemployment, builders looked at the other side of the coin.

"Some 80 or 85 percent are employed. They have the money and the need for a larger house for the family," said Jeff Spoon, of J.D. Spoon Development Corp.

"There's no question the consumer is out there. People want to buy," added Paul Robertson Jr. of Robertson Brothers Co.

Building hot spots will be the Oakland County communities of Novi, Farmington Hills and Avon Township and the Wayne County communities of Northville Township and Plymouth Township with some activity returning to Canton Township, they agreed.

BASM lost 10 percent of its 1,200 members during 1980, but Pink was

Zoning ordinances in surrounding communities are seen by builders as the chief impediment to smaller, cheaper housing. Realtors, however, predict builders will respond to the needs for energy conservation and high costs by putting up smaller and more compact homes.

confident they had only stopped paying dues and most are still in business.

"There was not a great increase in bankruptcies," said Don Pratt of Wake-Pratt Construction Co. "Most of us saw it (the recession) coming. We tightened our belts, cut crew sizes and cut overhead."

THE AVAILABILITY of loan funds will be a big factor in recovery, but builders say the picture is not as bad as broadcast news reports indicate.

Herb Lawson said broadcasters talk of the 20 percent prime rate charged top corporate customers for short-term money, but house buyers confuse it with actual mortgage rates, which are in the 13-14 percent range.

"The public should know that builders have commitments below current rates," said Lawson. "Shop around. Some builders had the foresight to line up mortgage money from lenders."

Herman Frankel, of the Herman Frankel Organization, Inc., said, "Your fixed mortgage rate for 30 years may not be available." He and other builders encourage buyers to seek FRMs — renegotiable rate mortgages.

ZONING ordinances in communities were seen as the chief impediment to smaller, cheaper housing. Novi, Plym-

outh Township and Avon Township were cited by Frank Winton, of FJW Corp., as "absolutely against smaller lots."

Realtors have predicted builders will respond to the needs for energy conservation and high costs by putting up smaller and more compact homes, but Winton said, "Right now the situation is hopeless."

"Communities have zoning laws. It's not economically sound to have large lots and small houses," he said. "There are a minimal number of areas with small lots. The inventory (currently 6,000 lots) is in large lots."

"The 2,400-square-foot house will be cut a bit, but not too greatly." Communities, he said, are "staunch and difficult. Most (governing) boards are made up of people who have lived in the communities some time. They object to innovation. Laymen on these boards speak not for the civic and public point of view but from their selfish point of view."

Otto Bingsesser, of Bing Construction Co., added that because of high fixed costs, builders find it difficult to produce smaller houses. Any downsizing will be due to energy considerations, he said.



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