

WILL DRESLER/staff photographer

House sales were high last year, despite Michigan prices being higher than average. Part of the local price has been attributed to

better weatherproofing and insulation for the Michigan winters.

Single-family houses selling well into 1987

By Bill Parker
staff writer

There were 22.5 percent more single-family housing permits issued in southeastern Michigan in 1986 than in 1985.

And this trend should continue throughout 1987, said Dennis P. Dickstein, newly installed president of the Builders Association of Southeast Michigan, based in Farmington Hills.

"There were approximately 12,000 permits issued for single-family housing in 1986, and we should see an improvement on that number this year," Dickstein said Monday at the Michigan Inn in Southfield. "The calendar year 1987 will be marked by continual growth and stability."

HE ALSO believes interest rates will continue downward, although differences will be slight.

Lower mortgage interest rates seems to be a major factor in the resurgence of the two- and three-bedroom houses, although the demographics of the country also plays a big role.

"The demand for the two- and three-bedroom home has always been there, but with the lower interest rates, the availability also exists now," Dickstein said.

"In past years, the four-bedroom homes have been popular, but the two- and three-bedroom home is now increasing in popularity."

"The five-bedroom house is almost never called for anymore. In fact, a lot of the four-, five- and six-bedroom homes in the Birmingham/Bloomfield area are being remodeled into two- and three-bedroom homes."

SENIOR CITIZENS make up a large part of the market on these smaller houses, said former association president Fred Greenspan.

"Sixty-seven percent of the senior citizens prefer the smaller, single-family, detached homes. With low interest rates on mortgages, these homes are now more available to the seniors," Greenspan said.

The biggest problems facing builders will be lack of skilled labor and lack of available lots.

Part of the problem with the lack of skilled labor began with the recent recession. When sales of new houses declined, many skilled tradesmen retired.

OTHERS MOVED to areas of the country that weren't hit quite as hard by the recession as southeastern Michigan.

The big problem with lot shortage isn't due to lack of available land but rather lack of developed land, he said.

The shortage of lots is mainly because there were no lots being developed in the recession period," Dickstein said. "Most of the lots that were on the market have been used up, and new lots haven't been developed fast enough to keep up with the builders' demand."

The average price of a 22,000-square-foot house in Southeastern Michigan is close to \$100,000. The national average was more than \$84,000 in 1985.

MUCH OF this higher average price was attributed to the use of better materials such as solar pane and triple-pane glass, more efficient insulation, roofing materials and heating systems.

Combining microcomputers and electrical wiring, as was on display in the "Smart House" at the Fall Builders Show at Cobo Hall, will be the most exciting trend, Dickstein said.

"Wiring in new homes will be radically changed over the next few years. There will be one main wire



Dennis P. Dickstein
Builders Association of
Southeast Michigan

throughout the house, and all the plugs will be interchangeable.

"This system will be faster and much more efficient. It will be three to four years until manufacturers can modify all their equipment. The system is available now."

"The (equipment modifications) are the only things holding us back."

Nationally, house price is \$84,000

Are you ready to spend \$84,300 for a new house?

That was the average price for the typical house built in 1985, up from \$79,500 in 1984, according to the U.S. Census Bureau.

At a price of \$41.45 per square foot, the average house was a single-story residence built on a slab with 1,605 square feet. It had three bedrooms, two baths, one fireplace, wood siding, electric heat and central air conditioning. Other findings:

• The largest percentage of houses completed last year (57 percent) had three bedrooms. That was about

the same proportion in 1984 but down from 60 percent in 1981.

• The percentage of houses with two or more stories has increased to 42 percent in 1985 from 40 percent in 1984 and 32 percent in 1981.

• About half the new houses (48 percent) had two baths — the same as the year before.

• Most houses (54 percent) now have one fireplace, up from 50 percent in 1981.

• New houses with central air conditioning rose to 70 percent in 1985 from 65 percent in 1981.

Each child now must have a Social Security number

Under the newly reformed federal tax code, any dependent claimed on a tax return must have a Social Security number.

The IRS will use the Social Security number to verify proper withholding claimed on W-4 forms as part of its effort to crack down on tax cheats, according to the Michigan Tax Information Council.

In the past, some taxpayers have received an illegal double deduction by claiming dependent children more than once. Similarly, in cases of divorce, both parents have

claimed their children on their tax returns.

Just the parent with legal custody of a child may claim that child as a dependent.

TAXPAYERS MAY be fined \$500 if they file a W-4 form that results in less tax being withheld than is properly allowable. In addition, criminal penalties may apply for willfully supplying false or fraudulent information requiring an increase in withholding.

An advantage to a child having a Social Security number is that he

practically speaking

can open a savings account in his own name. When that child receives money, the interest earned will not be taxed at the parent's high rate, as it would if the child's account was in the parent's name.

To get a Social Security number for a child or other dependent you need an application from your local

Social Security office. You also will need to provide evidence of age, identity and U.S. citizenship. The following qualify as evidence of age and citizenship:

• Public birth certificate (this is the preferred document).
• Religious record showing age or date of birth.

• Hospital record of birth.
The following qualify as evidence of identity:

• Record of membership in Boy Scouts, etc.,
• School record or report card.
• Doctor or hospital record.
• Day care or nursery school record.
• School ID.
• Adoption record.

• Vaccination certificate.
• Church membership record.

REQUIREMENTS FOR citizens born outside the U.S. and aliens differ. For more information regarding obtaining a Social Security number, contact your local Social Security office.

For more information regarding federal tax reform, send a stamped, self-addressed envelope to: MTIC, 540 Capitol Hill, 115 W. Allegan Street, Lansing 48933.

Marketing means more than promotion or selling products

"Focus: Small Business" debuts in this issue of the Observer & Eccentric Newspapers. In her weekly column, consultant Mary DiPaolo will discuss issues germane to the small-business owner.

As an independent consultant, I have had the opportunity to work with a number of firms (both large and small) in marketing management.

For many consumer goods and services organizations, the term "marketing" has taken on as many definitions as there are owners or managers to provide them.

"Marketing is promotion, marketing means selling" and the interpretations go on.

ACTUALLY, THE marketing activities of a business are much more diverse than to be generally equated with promotion or "selling" — selling being only one of four possible types of promotional activities a business may choose to pursue.

In fact, the company that relies strictly on "promotion" in planning and developing its overall marketing program is ignoring some major



focus: small business

Mary
DiPaolo

areas of decision-making that affect the long-term success or failure of the whole business.

A well-planned marketing program specifies and makes clear the activities to be performed in each of four major areas of the operation. These areas include all product- or service-related issues, price, promotion, and place (or distribution).

ALL OF these activities must be planned and structured in such a way that they, in the aggregate, work to best satisfy the needs and wants of the various customer groups the business serves (or would like to serve) on a regular basis . . . at a profit to the enterprise.

Best satisfying the customer . . . a profit — that's what every entrepreneur wants to do. It isn't an easy task though, and requires much planning before making major decisions that directly affect the entire


business operation — and its success or failure.

HOW DO you go about planning and developing an overall marketing plan for your business?

This issue and many others facing the independent consumer goods and services venture will be addressed in this weekly column from market planning to industry trends and forecasts.

Look for this column each week to find information that can help your current or prospective business operation be all that you want it to be.

Mary DiPaolo is the owner of MarkeTrends, a Farmington Hills-based small-business consulting firm. She also is producer and host of the cable series "Focus: The Small Business Environment."



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