

Building Scene

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Site planning: more than what meets the eye

By Doug Funke
staff writer

Developers today can't afford to gobble up every vacant piece of land they stumble across, then roll the dice, throw darts or consult the stars about when to break ground.

They do their homework. They personally talk with municipal planners, engineers, land use professionals. They study zoning maps and master plan documents. They walk the property.

They hire consultants. They do soil borings. They get a history of the parcel. They familiarize themselves with schools and other amenities. They scope out the competition.

Then, if they feel confident and can work out financing details, they forge ahead.

"I suggest that you put in more time, more effort," Larry Cohen, a West Bloomfield developer/builder told sales professionals and colleagues during a recent seminar on the site selection process.

Cohen recently has developed or plans to develop several subdivisions including Maplewoods and Stonebridge in West Bloomfield, Meadowbrook in Canton and Hillsborough in Wixom.

"AS A DEVELOPER, it's been enlightening to me how much information you need to make a decision. You can't necessarily assume what you see is what you get," he said. Cohen outlined several steps that he believes developers should take themselves or with the help of sales professionals to evaluate vacant property.

Many of his ideas could be extended to home buyers considering a move to semi-developed areas or prospective movers to the country.

"The first thing I do is contact the

(municipal) planner," he said. You're going to use that individual many times. They're a wealth of information.

"Look at zoning," Cohen continued. "Zoning defines what you can do with the property. Planners can give insight into what it means. A planner can give insight into what changes the community is going through."

Zoning classifications can mean different things in different communities. Cohen, for example, found that banks aren't allowed in the same zoning class in all communities when he bought a parcel in Canton for that purpose.

"THE NEXT step is to meet with the city or township engineer," Cohen advised. "A planner will give insights into how likely a section of the community will develop. An engineer will tell you the mechanics—how it will happen."

"Just because a site doesn't have what we consider to be a basic necessity—water lines and sewers—doesn't mean it (development) can't happen," he said.

"A lot of times if those things aren't there, there is opportunity. A hot spot with the utilities in, no one can afford. Concomitantly, in the Hillsborough project proved to be an alternative to no city water lines, he said.

A history of the property, especially over the past five to 10 years, also needs researching, Cohen said. Brokers who are on the ball will have this information, he said.

"When you buy, you buy everything that has gone before it," he said. "You have to do your homework. If you get into a lawsuit, it's a losing situation."

After obtaining basic preliminary information, Cohen recommends that developers have a staff engi-



Photo by MARILYN FITCHETT/ash photographer

Long before the equipment arrives on the site, the developer has spent countless hours researching the area.

neer or a consultant walk the property and sketch a site plan.

SIMPLE SOIL borings have become a necessity at the developer's expense.

"Do an environmental study. If the seller had one done, I'd have my own. I want an engineer on the hook to me," he said.

"You have to expect the unexpected. Most of these things can be learned in a morning with a planner and an afternoon with an engineer, Cohen said.

Beyond all of that, a little more

work needs doing.

Check out the schools and other demographic information about the extended area under scrutiny, Cohen said.

"School systems are important. Years ago when I got started, that went over my head. Today, it has a tremendous effect on the value of property."

"Proximity to employment is important," he said. "One factor influencing development today is transients. One thing that's spurred Canton on is proximity to Ann Arbor. It's very expensive to live within the

boundaries of Ann Arbor. Canton is an easy drive."

BUILDERS AND prospective buyers also can avoid surprises by doing a little research into an area under development. Brokers, again, would be the best source for informational packets. Data is usually available with some digging at town halls.

"I like plat (lot configuration) maps, the identity, by name of the development. I want to know who the competition is. Other things I like to see in an informational pack-

et is what products are out there—what size, what price.

"You want to look at the overall absorption of the community—permits issued versus spec houses available," Cohen said.

Surprises occasionally surface regardless of how well a developer prepares, Cohen said. He told a story about a Novi project to illustrate.

"In spite of all due diligence, as soon as we started putting shovels in the ground, we started digging up cars. We must have pulled up 500 parts."

'A farmer's field isn't always going to be a farmer's field'

By Doug Funke
staff writer

The land development/site selection game has changed during the last decade or so, Larry Cohen and other developers/builders agree.

"In the past, you had six to nine months from an idea to breaking ground," Cohen said. "Now it's too cumbersome, it's two to three years."

In addition to finding that perfect location, more is expected of developers from municipalities in the way of extending water lines, sewers and roads.

Then there are state and federal

environmental hoops to jump through, stringent local requirements on everything from site access to setbacks to landscaping and a tightening of screws by financing sources.

It costs big money today to make a mistake. So developers take more time to study proposals before committing.

"With the price of land and with the interest clock ticking, you can't sit," Dan MacLeish, a Troy developer/builder, said of getting stuck with a parcel.

"It's become much more regulatory, much costlier aside from standard annual increases on labor and

material," said Robert Schwartz, president of United Homes of Farmington Hills.

Most people not in the business have no idea what's involved in analyzing and developing property.

"They would be appalled," MacLeish said of the selection and approval processes. "If you don't know the ropes, it's going to take an extra six months to get a house up."

Jim Clarke, land acquisition director for Robertson Brothers of Bloomfield Hills, said developers and individual buyers can get hurt if they don't do their homework in an area where development has started but still has a way to go.

"The worst thing they can do is buy without knowing what it (adjacent land) is zoned, who owns it and what his plans are," Clarke said. "A farmer's field isn't always going to be a farmer's field."

"I think what most people don't have a concept of is the time and effort to go through the approval process," Clarke said. "Even if you do

what a township or city says, there's a lot of negotiation back and forth."

So it's better to be safe than sorry, developers said.

"One thing that's changed dramatically over the last 10 years is a level one soil (contamination) test," Schwartz said. "It's optional now, but you make a big mistake if you don't do it."

Clarke said he always pays special attention to what's happening around a vacant parcel he has his eye on.

"We also do a pipeline, what's coming, so you not only know what's there and so you don't get slammed by jobs you didn't know were in the works," he said.

Survey offers buyers' snapshot

Characteristics	1991	Detroit 1990	1989
Median price of home purchased	\$ 92,700	\$ 94,100	\$ 92,900
First-time buyers	77,700	73,600	79,900
Repeat buyers	107,700	106,100	93,900
Average price of home purchased	\$109,000	\$105,600	\$113,300
First-time buyers	84,000	86,800	88,000
Repeat buyers	125,000	116,700	126,000
Average monthly payment	\$ 932	\$ 875	\$ 834
First-time buyers	817	800	861
Repeat buyers	973	914	828
When household income is:			
less than \$30,000	565	563	654
\$30,000-\$40,000	106	138	225
\$40,000-\$50,000	801	745	701
\$50,000-\$60,000	965	904	837
\$60,000 or more	1,085	1,053	981
Average monthly payment as % of income	29.8%	29.7%	27.7%
First-time buyers	28.3	29.3	27.6
Repeat buyers	30.7	30.0	27.8
Buying for the first time	40.0%	36.8%	34.6%
Previously owned a home	60.0	63.2	65.4
Average age of first-time buyers	28.5	30.9	28.2
Average age of Repeat buyers	36.7	37.9	39.7
Average number of houses looked at	11.8	13.9	11.3
Bought new houses	11.3%	17.5%	18.5%
Bought used houses	88.7	82.5	81.5
Bought single family houses	91.6%	93.8%	92.6%
Bought multi-family houses	2.5	1.3	1.1
Bought condominiums	5.9	4.9	5.6
Bought co-ops	N/A	N/A	N/A
Married	78.9%	82.5%	81.5%
Widowed	2.5	1.3	3.7
Divorced/Separated	7.2	6.3	2.5
Single	11.4	9.9	12.3
First-time buyers married	70.6%	71.4%	75.0%
Repeat buyers married	84.4	91.1	84.9

The 18th annual survey prepared by Chicago Title and Trust Family of Title Insurers provides this breakdown of Detroit area house and condo buyers.

Buyers in the Detroit metropolitan market last year paid substantially less than the national median (half above, half below) price for their houses—\$92,700 compared to \$134,300.

Buyers here, on average, looked at fewer houses, 11.8, before making a purchase than the national average of 15.

The mortgage payments of home buyers here as a percentage of monthly income averaged nearly 30 percent compared to a national average of 24 percent.

Forty percent of all homes purchased in metro Detroit last year were by first-time buyers compared to 45 percent nationally.

Those are some of the figures gleaned from "Who's Buying Houses in America," the 18th annual survey prepared by Chicago Title and Trust Family of Title Insurers.

The survey encompassed the 10-month period January through October, 1991. The figures include houses and condominiums, new houses and existing structures.

Nearly 20 percent of the 4.3 million houses purchased nationally last year were new structures while only 11% percent in metro Detroit were new.

First-time buyers here were younger—28% years, on average—than first-timers nationally, 30.7 years.

Non-marrieds in metro Detroit accounted for 21 percent of home purchases, while nearly 24 percent of purchasers nationally classified themselves as single, widowed or divorced/separated.

THE NUMBER of first-time purchasers nationally—45 percent—was the largest percentage in that category in the history of the survey.

"Normally, the fixed rate mortgage interest rate decline from 10 to 8.5 percent during 1991 would be a powerful stimulus to the housing market," said John Pfister, market research director for Chicago Title.

"But a large number of potential repeat buyers, perhaps feeling vulnerable or more at risk on the job, elected to ride out the recession on the sidelines."

The result, Pfister said, is that the market essentially was left to first-time buyers and purchasers at the most affluent end of the housing spectrum.

Still, with mortgage rates down substantially and home price increases nationally averaging less than 7 percent, home buyers last year generally got more house for the money than counterparts in 1990, Pfister said.

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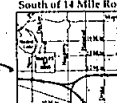


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