

# PETOSKEY News-Review

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# Remodeling jobs up, new home starts down

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With the mortgage crisis saturating the market with foreclosed homes and nullifying the construction of new homes, some local builders are looking to home improvement projects to rescue their fledgling work loads this summer.

And many homeowners are discovering that they cannot get

the value they want out of their homes, so they are looking to remodel instead.

"It's a supply and demand issue. Right now there aren't enough people to buy," said Mark Ashley, an associate broker with RE/MAX of Petoskey. "If people have lost equity or they can't purchase the home they want, they are making adjustments to their current homes to fit their needs."

But even with this new trend, these smaller projects may not be enough.

"Everything has been down," said Bob Brill, a licensed contractor in Petoskey. "Last summer was a little bit slow, and this

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summer won't be better."

Brill said that he has been able to sustain his work load with remodeling projects of older properties in the area. Still, he said that the poor economy is having ripple effects in his industry.

"Many of the condos built in the 1970s around here are getting to the point where they need some general upkeep," he

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said. "But every increase in cost, like fuel, makes people second guess whether or not they want to build now."

Melissa Adelaine, of Adelaine Construction, said business was slowing down, but home improvement projects are becoming a larger part of their work load.

"Usually we'd be running three projects at once. Now we're doing one at a time," she said. "We're fortunate to have a background in home improvement because it's taking on more of our business. It's not all doom and gloom, but business is down."

According to its 2007 annual report, the Emmet

County building inspection department is churning out a lot less permits, and has been for three years. The total number of building, electrical, mechanical and plumbing permits issued in 2007 were all considerably less than the five-year average. The total number of permits issued last year was 2,331 compared to 3,500 in 2004.

This decrease in permits has in turn hit the department's revenues. Fees have been raised for required inspections and a previous cap on projects more than a million dollars has been lifted in an effort to pull the department out of the red. But the decrease in permits

has also led to a decrease in inspectors, the department lost three inspectors from 2006 to 2007.

"We got rid of the cap because the cost of inspections was going up," said Brentt Michalek, director of the Emmet County Planning, Zoning and Construction Resources. "But our fees are pretty minimal compared to the cost of building materials and labor."

But in light of the current economic market, most builders do not fault Michalek's move to increase fees.

"They're trying to survive too," said Joel Margelis, of Jordan Construction Services.

Even with permits going down, local builder John Kane said problems may be even worse because permits are required for even the smallest projects.

"I had a two day job and because I moved a wall and some electrical wires I had to pull two permits," he said.

Margelis looked for the silver lining in today's situation and said that now is a time for companies to grow and expand.

"Dollars spent today may be more effective in increasing the value in the future," he said. "Money is probably going to go farther today than it will in three or four years."