

Builders brace for housing slump

By CLAY THORP
Staff Writer

The National Association of Homebuilders is predicting a decline in home building for 1987.

Robert Villanueva, director of forecasting for the organization, said there will be an 11.5 percent drop in housing starts in the upcoming year. Most of this decline will come from the forecasted 28 percent drop in multi-family apartment and condominium housing.

A major part of the drop stems from a new tax law that gives less of a tax break to builders.

"The less generous tax treatment and return of rental properties along with high rental vacancies tend to limit multi-family construction," Villanueva said.

On the other hand, Stanley Black, chairman of the UNC department of economics, said, "I don't think the

tax law will be that negative."

Black said that while the law will take away from the construction of multi-family housing, it will add to single-family housing by giving more benefits to that group of people.

The forecast for single-family housing starts does show a slight increase for 1987.

In North Carolina, the case is very similar, said Michael Stegman, chairman of the UNC department of city and regional planning.

"The multi-family markets in the Triangle and major metropolitan areas of the state are somewhat overbuilt," Stegman said. "This is due to declining interest rates, the end of important tax preferences due to tax reform and continuing optimism about economic growth. These things have encouraged lenders and investors to commit their capital to multi-family projects in those areas."

In rental housing, there is a 12 percent vacancy rate as opposed to a 3 percent to 4 percent rate 14 months ago, Stegman said. "There is a two-year supply of vacancy to be absorbed before (rates are back to normal)."

Another reason for the decline in housing starts lies in the area of demographics, said John Kasarda, chairman of the sociology department.

Kasarda said that the members of the baby boom are growing out of the multi-family stage into the single-family stage. At the same time, the baby bust members (a considerably smaller group born just after the baby boom) are growing into the multi-family stage.

Regardless of the forecast, the experts agree that a strong economy will mean a strong home building industry.

A possible recession next year could be very detrimental to the home building industry, as was the 1980-81 recession when interest rates soared and housing starts plummeted.

The decline in home building is most severe in the "oil patch" states such as Texas and Oklahoma, Villanueva said.

In Dallas, the effects of the tax law and vacancies are so severe that there has been a 3 percent drop in prices in the multi-family market, Stegman said.

Villanueva said that most price increases can be found in the Northeast. These increases are due mostly to the rising land value in states like New York.

North Carolina probably will not see any significant price changes except for competition-based incentives for tenants in rentals.

Aquino regime puts down coup by Marcos supporters

From Associated Press reports

MANILA, Philippines — Government troops and supporters of Ferdinand Marcos clashed outside a walled television station where soldiers held out Tuesday after President Corazon Aquino announced she crushed their revolt.

The coup attempt was the most serious effort by disgruntled soldiers to grab power since Aquino became president in February.

Defense Minister Rafael Ilo to said 271 conspirators had been arrested and at least 70 remained at large.

U.S. stopped talks with Iran

WASHINGTON — Secretary of State George P. Schultz told Congress Tuesday that Reagan administration stopped talking to Iran after U.S. arms after a meeting last month in West Germany, but that it had other ways to discuss mutual interests in containing Soviet expansion.

Schultz testified that the Dec. 13 session in Frankfurt was authorized by President Reagan to underscore to Tehran "that any

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thought on their part that there were going to be further sales of arms was wrong."

He assured the Senate Foreign Relations Committee at an open hearing that there was no longer "any contact in that channel." But, Schultz said, there are other points of contact, including a tribunal in The Hague, Netherlands.

Gorbachev wants new leaders

MOSCOW — Soviet leader Mikhail Gorbachev, striking at the heart of the Kremlin power structure, suggested Tuesday that the nation needed a system for replacing aging members of the leadership with "fresh forces."

Gorbachev called for multiple candidate elections to regional party posts and suggested a review of the parliamentary procedure.

He also proposed new reform laws, including legislation allowing people to sue the government and to give the state-run media guaranteed access to officials.

Health groups put heat on tobacco ads

By SHARON KEBSCHULL
Staff Writer

Three health organizations have renewed their fight to ban smoking on public transportation, eliminate price supports for tobacco, ban cigarette advertising in the print media and double the excise tax on cigarettes through the 100th Congress.

The Coalition on Smoking, composed of the American Cancer Society, American Lung Association and the American Heart Association, is lobbying Congress to create legislation at the federal level.

Rep. Mike Synar, D-Okla., introduced a bill to ban cigarette advertising in the print media. Although the bill did not gain committee approval, it brought attention to the issue, and Synar will introduce the bill again this February, said legislative assistant John Hollar.

The ban on print advertising includes newspapers, magazines and

billboards, said Tom Ryan, public issues assistant for the American Cancer Society.

The Coalition on Smoking is working to keep cigarettes from teenagers, mostly by increasing the federal tax from 16 to 32 cents, said Director Matt Meyers. He said the revenues from the increase are needed, and would help increase the protection for non-smokers.

According to Meyers, 60 percent of smokers start at age 14 or younger, and the tax would hit them hardest.

"It won't have an effect on the really heavy smokers who have money to throw away . . . but it will lower health costs in the country in the long run," said Kerrie Wilson, a legislative representative for the American Cancer Society.

The ACS is also working to limit smoking to designated areas in all federal buildings. The buildings under the General Services Administration have limits on smoking, but

that is only a third of all federal buildings, Wilson said.

"That doesn't go far enough as far as we're concerned . . . as the dangers to passive smokers have been proven to be real," Wilson said.

Synar's bill is expected to go through this year, Hollar said. Since the Supreme Court ruled in the Posadas case that Congress can ban the advertising of something without making that product illegal, there should be no problems with constitutionality, he said.

"(Synar) believes very strongly in the advertising issue . . . that young people are especially sensitive," Hollar said.

Rep. Charlie Rose, D-N.C., has helped in the fight against cigarette legislation. As chairman of the Tobacco and Peanuts House Subcommittee, he has "fought every effort" to cut off price supports and double the excise tax, said Heidi M. Pender, agricultural counsel to Rose.

The excise tax increase also worries Rose, Pender said. He represents small farmers, and they are the ones who are hurt by the tax, she said, adding that this is the argument manufacturers use.

"The Coalition's real fight is not with the farmers; they've told us that time and time again," Pender said. She said they are more interested in fighting the advertising and the larger industry.

On the issue of advertising, Rose is concerned about the constitutionality of a ban, Pender said.

"Restriction is different, but to talk about an (advertising) ban when a product isn't banned is an issue . . . without a ban on a product or the growth of a product, are they trying to chop off one leg, then head for the other? What is the agenda here? I think one of (Rose's) concerns."

Both Sen. Terry Sanford and Rep. David Price, D-N.C., are looking into the issues now and waiting for them to come to the floor, their press secretaries said. While Price doesn't want to interfere with the medical profession, he is concerned about economic stability in North Carolina, and in this he stands with the state delegation, said press secretary Jim Jordan.

Sen. Jesse Helms' office could not be reached for comment.

Moments of silence to recall Challenger

From Associated Press reports

National Aeronautics and Space Administration workers will observe 73 seconds of silence, schoolchildren will launch a small rocket, and a statue made partly from donated pennies will be dedicated today as Americans recall the Challenger disaster one year ago.

Relatives of the seven shuttle astronauts will mark the sad anniversary by joining in public memorial services or grieving privately. But the family of Ellison S. Onizuka plans a happier observance on Saturday, gathering in Houston for a Hawaiian-style luau.

"We promised Ellison a luau when he got back, with some of his friends, and the luau never occurred," his younger brother Claude Onizuka

said. "So we made a promise to the NASA people that on the one year anniversary we'd come back and put that luau back on."

Some ceremonies were scheduled to coincide with the time on Jan. 28, 1986, that Challenger lifted off from launch pad 39B.

Just 73 seconds later, the shuttle exploded, killing mission commander Francis Scobee, pilot Michael J. Smith, teacher Christa McAuliffe and crew members Gregory Jarvis, Judith Resnik, Ronald McNair and Onizuka.

Many observances are scheduled in schools, since children across the country, planning to take part in McAuliffe's lessons from space, watched the tragedy on television.

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Issues

president talked about how to get more seniors to participate in class activities.

Durral Gilbert said he and James Freeman felt they should enhance

present senior activities and make more activities available to the class. "If you're a part of the class, you feel better about your senior year," he said.

"Choice" is the key word for seniors, Scott Rankin said. "It's important for seniors to choose what activities they want to participate in," he said. To ensure students have a choice, Rankin proposed sending out a questionnaire asking seniors

what kind of activities they would like to have.

Anne Davidson and Dave Brown want students to have a say in what's going on, Davidson said. To do this, Brown said they would hold suggestion contests and referendums to get class input into areas like the class gift.

Staff writer Justin McGuire contributed to this story.

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