

Manufactured Home Community and Mobile Home Park Newsletter

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Joanne M. Stevens
 Real Estate Broker

For more information on
LISTINGS OF PARKS & COMMUNITIES

Visit us at
www.JoanneMStevens.com

Email Joanne at:
joannestevens@iowarealty.com

NAI Iowa Realty Commercial
 A Berkshire Hathaway Company
 3425 1st Ave SE
 Cedar Rapids, IA 52402

WHAT'S IN, WHAT'S OUT

Often I'm asked, what's different in mobile home community land?

One of the biggest trends is that more owners are not as enamored with the free Craigslist. The reason: poor caliber of prospects. Is it time to blow the dust off of our Marketing Plans and spend a little money on prospecting? Jim Reitzner of Milwaukee reports that his best source for new residents is prospecting to his current residents. He is selling a lot of homes this way. Here are some more trends I'm spotting:

WHAT'S IN	WHAT'S OUT
<p><u>Dodd Frank</u></p> <p>Mobile home park owners recognize they need to honor the Dodd Frank Act (no matter what one's opinion may be on the practicality or fairness of the Dodd Frank Act). The resistance to Dodd Frank is crumbling as more owners realize that it is the law. Of course, plenty of owners are doing rent credits instead of obtaining all of the licenses required for Dodd Frank compliance. Still, the rent credit for renting homes is propagated from the Dodd Frank Act.</p> <p>It's another way to "skin the cat".</p>	<p><u>Selling Homes on Contract</u></p> <p>Mobile home park owners who sell homes on contract either aren't aware of the new law or know and are betting that they are under the government radar. Tenants are mostly clueless about Dodd Frank. Plus, there is a growing need and demand from consumers to buy with little down payment. More mobile home park owners are renting homes. For some it's a way to sidestep the entire issue and for some it is a new business model. Renting homes isn't everyone's cup of tea, but if properly executed (monthly rental home inspections, stringent tenant screening) it can be profitable.</p>
<p><u>Rent Increases</u></p> <p>New owners of mobile home parks sometimes raise rent \$25 or more in the first year. New debt and the need for return on investment drive this. And many communities have under market rent, so the new owner can justify raising the rent to "market rent".</p>	<p><u>Rent Increases</u></p> <p>Longtime owners with no debt raise rents \$5 to \$10 or even not at all. This occurs where owners have no debt and want to give residents a respite from rising cost of food, utilities and gas.</p>

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WHAT'S IN	WHAT'S OUT
<p><u>Manufacturers Floor Planning Inventory and Providing Mobile Home Park Owner Financing</u></p> <p>Legacy, Cavco and now Champion get the need mobile home park owners have for cash to buy new homes.</p> <p>Their response is to finance new homes. Of course, the mobile home park owner is then renting the home or financing the home for the homebuyers; in effect the manufacturers are providing short term financing.</p> <p>It's not ideal, but tons better than the current lack of floor planning.</p>	<p><u>Manufacturers That Can't or Don't Want to Change With the Times</u></p> <p>It's a safe conclusion that consumer financing for mobile homes isn't coming back; at least there is nothing on the horizon to suggest consumer financing will arrive. For manufacturers to sell new manufactured homes to mobile home park owners, they need to provide floor planning or provide sources for mobile home park owners to obtain floor planning. There is a vast number of vacant home sites, and a vast number of older homes in parks that will need to be replaced. As housing prices and apartment rents rise, will the price point of new mobiles homes be more acceptable to the consumer.? In the 1990's, many a new home was purchased by the consumer because they didn't cost that much more than a pre-owned. The new home also came with a home warranty.</p>
<p><u>Cash Homes Sales</u></p> <p>More mobile home park owners report home buyers are paying cash.</p>	<p><u>Holding On To Homes</u></p> <p>HOLDING into INFINITY, waiting for buyers to pay what we "have in it".</p>
<p><u>Clarity in Holding Your Mobile Home Park</u></p> <p>Smart community owners know what mobile home parks in their region sell for, have a plan to retain the mobile homes and the residents, know what their mobile home park is worth, and know the 'after capital gains' tax values.</p> <p>The smart owners maximize their net operating income because they understand that is where the money is.</p> <p>There is the cash flow, and there is the value of the mobile home park were it to sell.</p> <p>Smart owners are clear on maximizing both.</p>	<p><u>No Plan</u></p> <p>Lots of mobile home park owners lack a plan. A marketing plan for their community, a plan to fill vacant lots, a plan to retain residents, a plan to keep homes from moving out...you get the idea.</p> <p>Most of us lack a plan for when to sell and the reasons for doing so.</p> <p>Many fail to recognize the feeling of being "not that into" owning a mobile home park as a sign that it's time do do something else that they really do want to do.</p>
<p><u>It's A Business</u></p> <p>Selling homes, having a marketing plan for the mobile home park and the homes, and attracting the best residents, collecting rent. It's a business, not a sideline or a hobby.</p>	<p><u>It's Not An Easy Business</u></p> <p>Mobile home parks are no longer a passive investment. It's harder to turn a buck.</p>

ABLFL

Always Be Looking For Leaks!

That is what owners, managers, and maintenance men need to do!

It's eyes on the ground, and the ground means walking between homes and behind homes.

(From Aaron Wellington, Heritage Financial Group)

**FREE REPORTS,
Past Newsletters and
Articles for
Community Owners
can
be found at:**

www.JoanneMStevens.com

Websites Worth Checking Out

CEL & Associates:

A multi-family consultant with a track record of keen insight to multi-family trends. This company foresees a “renter nation” for the next 15-20 years.

www.celassociates.com

Zillow.com:

Real estate and home sales and rentals website for buyers, sellers, renters, landlords, mortgage professionals and property managers to find and share information about available properties and financing.

Fastsigns.com:

Signage solutions from banners to vehicle graphics.

WHO ARE YOUR NEW RESIDENTS?

Do we know where the housing need is coming from? In the past, weak housing markets caused demand to build until....KABAM!, consumers felt safe to buy again, or to at least get their own place.

A hallmark of the current housing market is that there is a huge amount of ‘doubling up’. That means more adult children living with parents and more tenants sharing a house, apartment or mobile home. As consumers feel more secure about their jobs and about the economy AND if past housing rebounds are an indication of the future, expect to see more traffic at your mobile home community.

Ross Kinzler, Executive Director of the Wisconsin Housing Alliance, wrote a succinct, timely and useful article about what’s different in today’s consumer:

Everything is Local

To a great extent, the future of the industry will be decided one member at a time. Your ability to sell homes, service them or rent sites is dependent upon a host of local factors:

- Families need housing, but it is up to you to make sure your business is a choice they consider. Did you know that one in three people age 18 to 34 live with their parents? Do you think those parents are thrilled with that? What is your plan to show them how to live independently in an affordable way?
- If Millennials are more comfortable as renters, are you ready to enter that space?
- Ozzie & Harriett had a wonderful two child family, yet 1 in 8 households today contain people who are not related. The unmarried partner population increased 41 percent between 2000 and 2010. Interestingly, during that same time period, the US population increased 9.7 percent, while the number of households increased 11 percent. So, as the traditional family structure of households changes, this is also driving new household formations, giving the industry a chance to serve smaller households, which is more in our wheelhouse. To this point, the average household size in the Ozzie & Harriett era was 3.2 and is now at 2.5 persons.

A national tenant survey between 2013 and 2014 of 10,000 apartment tenants found that rent increases are their #1 complaint. Does that mean the tenants new rent is above market, or did management not make a proper explanation on the ‘WHY’ of the rent increase? For a sample of a rent increase letter, go to the website www.JoanneMStevens.com and click on Newsletters and Articles. Here is the list of Top 10 Resident Complaints:

1. Rental rates
2. Poor grounds / common area upkeep
3. Disorganized staff / lack of communication with staff
4. Quality of response to maintenance requests
5. Overall customer service of management staff
6. Quality of parking / parking availability
7. Concerns over security / safety / lighting
8. Lack of upgraded amenities
9. Pets not on a leash / poor pet waste removal
10. General lack of preventive maintenance

PLAN TO ATTEND:

**Rishel Consulting Group
Seminar: Mobile Home Consumer
Financing**

October 21-22, 2014
Aloft O'Hare Hotel
Chicago, IL
Call 312-878-2802 to register

**Urban Land Institute
Fall Meeting**

October 21-24, 2014
New York City, NY
www.uli.org

**Manufactured Housing Institute
NCC Conference**

October 27-29, 2014
Drake Hotel
Chicago, IL
www.mhcommunities.org

**National Association of Realtors
Annual Convention**

November 5-8
New Orleans, LA
www.realtor.org/conference

Joanne Stevens is a specialist in listing and selling mobile home parks and manufactured home communities throughout the U.S. With her 20 years of experience in developing, zoning, owning, retailing, managing, turning around and brokering parks, she can maximize your sale price.

For a **FREE,**
NO OBLIGATION
MARKET ANALYSIS on the value of your park or community, contact Joanne at:

319-378-6786 (office)
319-365-9833 (fax)

joannestevens@iowarealty.com
www.JoanneMStevens.com

UNDER CONTRACT!

<u>Community</u>	<u>Sites</u>	<u>Price</u>
Fairmont Estates, MN	125	\$1.3 million
Rolling Meadows, IL	76	\$199,000
Valli Village, IA	65	\$1,565,000

SOLD

HAVE BUYERS!! NEED LISTINGS!!

This newsletter and its content are not meant as a solicitation of any property(ies) that may be listed. This is a creation of Joanne M. Stevens with NAI Iowa Realty Commercial as a resource for Mobile Home Park/Manufactured Home Community owners.

RIGHT NOW MOBILE HOME PARK BUYERS

- 1. \$10 million cash. Buyers are a small group of investors selling their self storage properties, and doing a 1031 exchange. Desire to buy mobile home parks in the Midwest.**
- 2. Buyer for mobile home parks in cities over 50,000 population. Currently are selling some mobile home parks in rural market and will buy anywhere in the US.**
- 3. Buyer for Minnesota, Iowa, South Dakota or Nebraska mobile home parks, up to \$2 million. This buyer is very qualified and ready to buy right now.**
- 4. Buyer is a San Diego tech designer. Recently purchased small Midwestern mobile home park, and ready to buy again. Looking for 30-50 sites.**
- 5. Canadian buyer will buy up to 600 sites, anywhere in the US. Very qualified and very easy to do business with.**
- 6. Chicago buyer. Systems salesperson. Willing to buy a turn around. Vacancy and park owned homes OK. Must be within 3 hours of Chicago.**
- 7. 8 cap buyer for up to 300 sites. Illinois, Iowa, Wisconsin or Minnesota. Buyer is doing a 1031 exchange and wants to buy ASAP.**
- 8. \$1.5 million cash and will buy up to \$3.5 million property. Buyer is selling a mobile home park and wants to buy ASAP.**
- 9. Chicago buyer looking for a \$3 million mobile home park in Illinois, Wisconsin, Missouri or Indiana.**

Mobile Home Park Sales Completed Transactions

Property	Sites	Price	Property Location	Lender Location	Buyer Location
Pal Park MHP	39	\$610,000	Palmyra, WI	Local Bank	Wisconsin
Bluffview Estates	158	\$3,000,000	North Freedom, WI	Local Bank	Wisconsin
Cokel MHP	40	\$699,000	Monmouth, IL	Local Bank	Illinois
Coachlite Estates	36	\$600,000	Green Lake, WI	Iowa	Iowa
Coachlite Estates	70	\$1,100,000	LaCrosse, WI	Local Bank	Wisconsin
Country Acres	53	\$995,000	Lake Mills, WI	Local Bank	Wisconsin
Deerwood Estates	90	\$1,450,000	Springfield, IL	Davenport, IA	Iowa City, IA
Coulee Region Acres	90	\$1,555,000	Onalaska, WI	LaCrosse, WI	Wisconsin
Quasky Village	39	\$325,000	Quasqueton, IA	Independence, IA	San Diego, CA
Pequot Terrace	38	\$450,000	Pequot Lakes, MN	Pequot Lakes, MN	Montana
Westwood Manor	79	\$2,700,000	Liberty, MO	CMBS	Illinois
Oakland Park	216	\$1,900,000	Austin, MN	South Dakota	South Dakota
South View Estates	239	\$7,700,000	Waterloo, IA	Iowa	Canada
Valli Village	65	\$1,500,000	Grimes, IA	CMBS	Colorado

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Build on the power of our network.™ Over 300 offices worldwide.



Individual members