



# Mobile Home Park and Manufactured Home Community Newsletter

## INSIDE THIS ISSUE:

Appreciation & Real Estate	1-2
New Sale/Finance Model For Parks & Communities	2
Living Smaller	3
Abandoned Homes Solution	3
Decent Momentum in New Homes for Communities	4
Teach Resident/Homeowner	4
Insurance on Manufactured Home Rentals	4



Joanne M. Stevens

For more information on  
**LISTINGS OF PARKS &  
COMMUNITIES**

Visit us at

www.JoanneMStevens.com  
joannestevens@iowarealty.com

Office: 319.378.6818  
Direct: 319.378.6786  
Fax: 319.365.9833

NAI Iowa Realty Commercial  
A Berkshire Hathaway Company

## APPRECIATION & REAL ESTATE

A myth that many homeowners, commercial real estate investors and Realtors believe is that real estate always appreciates. Lots of home buyers and lenders are left holding the bag during the current sub-prime housing meltdown. It's the same way with investing in parks or communities or even stocks. Real estate appreciation and falling values both depend on many things: lending terms, interest rates, demand, tax policy and more. Even if you faithfully raise your rent every year and your expenses stay flat or at least your income growth outpaces the expenses—your community doesn't necessarily increase in value. Currently the biggest reasons why parks and communities aren't appreciating:

- Lender caution. Lenders are being ultra-selective on the properties they will finance and the investors. Interest rates have gone up and though they are level for now, lenders say that will be going up once the economy stabilizes.
- Investor demand is down. Because it takes more cash to buy any kind of real estate today, investors either don't have extra down payment or they can't refinance an existing property to raise cash. Before the capital markets took their big tumble beginning in mid-2007, investors were willing to pay a "premium" or in today's rear view mirror, overpay for real estate. They didn't have to actually write a check to buy property, or at least not to the tune of 30%-40% down payment. Today some, maybe most, of the equity in the properties is gone and many investors are trying to manage the problems with properties they acquired during boom. They are on the sidelines and not buying.

Joanne Stevens is a specialist in consulting and brokering mobile home parks and land lease communities throughout the U.S. With her 20 years of experience in developing, zoning, owning, retailing, managing, turning around and brokering parks, she can enhance your decision to sell your property.

For a FREE PROPOSAL on your consulting needs or a FREE MARKET ANALYSIS on the value of your park or community, contact Joanne Stevens at:

319-378-6786 (office)  
319-365-9833 (fax)  
joannestevens@iowarealty.com

Continued on next page....

## Best Bets 2010

From the Urban Land Institute Emerging Real Estate Trends for 2010

“Buy or hold multifamily. It’s the only place with a hint of hope because of demographic demand. Scarce new construction (developers can’t get financing to build) sets the stage for a strong rebound in any economic turnaround. There could be a shortage of apartments by 2012”.

Could help the demand for homes in communities?



Continued from Page 1...

- The rental homes and contract sale homes are more daunting and take lots more capital, time and oversight than investors perceived.

The world has changed in the last few years. If you own a stable park/community in a good location (metro market or destination area), the outlook for you is good. You have the steady cash flow and few worries with your property. If you own a non-urban park community and have any issues such as vacancy, rental homes, rent-to-own homes, private utilities, deferred maintenance or collection problems, you really ought to think about selling and here’s why: Capital gains taxes will probably go up by next year. Currently, they are still at historic lows. As you know, tax policy is a major component of real estate investing. When calculating the value of your park/community, remember to deduct you capital gains tax (call your tax advisor, or call me and I’ll send you a worksheet for estimating your tax). As interest rates creep up, as they surely will, that will compress the price, too.

Finally, competition from the distressed assets hasn’t kicked in that much yet. The operating word is yet. Many investors for your park or community are sitting on the sidelines and not buying anything right now. The lure of a really good deal on bank-owned real estate is causing them to hold off on buying anything for now.

### **New Sale/Finance Model For Parks and Communities**

A very smart, experienced, knowledgeable community owner wonders if, because of the lack of financing, the new way to sell a park/community is for the owner to finance/manage/oversee the sale. Here’s what his situation is: For a couple of years he tried to sell his park. The market was falling and lending was constricting. After a few deals fell through, he was approached by a buyer and the deal they struck was that the owner/seller would still collect the rent and pay the bills, but the buyer/manager would bring in homes, refurbish homes, market, sell and manage the park. They have a formula for pricing and executing the closing. In the meantime, the buyer/manager must meet certain benchmarks for keeping the occupancy stable and ideally increasing it. It is like a contract sale except that it gives the owner/seller a degree of oversight and safety. The owner/seller has the right to cancel the agreement if the benchmarks aren’t met, i.e., the occupancy decreases. Is this the new model for selling a park or community?



A regional manager says that rental homes have added a huge amount of time to the workload of the onsite manager. The rental homes are a harder business (if the owner is interested in doing it right).

Advertising (Craig's List, newspaper, website) brings in say 50 calls for one home. Of those, the manager may show the home 20-30 times, take 10 applications and approve one. That's a lot of time to rent one home. On the one hand there is a market, but going through the screening process, really whittles down the list.

## LIVING SMALLER

Residential real estate agents report that homebuyers today want a smaller home. Maybe this is an opportunity for community owners. Realtors say that baby boomers entering retirement, young adults delaying marriage, and the economy still not doing well, results in homebuyers embracing the idea that less is more. People are questioning how much "stuff" they really need and paring down and de-cluttering homes. Less stuff also makes a home feel more spacious. Perusing the covers of shelter magazines indicates that consumers want to de-clutter, de-junk and re-think what they really need. For community/park owners that belong to the local real estate board and network with residential agents, there may be some opportunities—especially for a current homeowner wishing to downsize. They will have cash from the sale of their home.

### *HouseLogic.com*

*A website sponsored by the National Association of Realtors gives homeowners information on owning, maintaining and repairing a home. Quite a bit of the information will be useful to Manufactured Home homeowners. For example, looking for signs of energy leaks, how to make an insurance claim, and even how to use green household standbys for cleaning. Any government programs for tax credits (i.e., energy) are described. It's a resource for your residents.*

## ABANDONED HOMES SOLUTION

A community owner finds that by giving away an abandoned home (after the community owner goes through the legal process to obtain title to the home), they are able to get these homes back on the rent roll. They require the new homeowner to skirt, side, paint, landscape or whatever tasks are needed to bring the home into compliance with community guidelines. Once the home is in compliance on the exterior, the new homeowner gets the title. This community owner says often the prospective homeowner is a current resident that has doubled up with another resident and just wants their own place.

## DECENT MOMENTUM IN NEW HOMES FOR COMMUNITIES

An account executive for Clayton Homes is having “decent momentum” on sales of single section homes in Western states. The community is focused on the \$26,000—\$30,000 price point plus set up. What’s interesting is that community owners are putting more money into sets for landscaping, more poured concrete for parking, patios, and sidewalks, and more elaborate decks.



*Parks/Communities  
for sale may be found  
at  
JoanneMStevens.com*

### ***Teach Resident/Homeowner***

A Midwestern community owner strives to teach his residents the concept of saving money and paying down more on their home mortgages and contracts. Homeowners haven’t been taught about compounding and discounting. They don’t realize that by paying an extra \$50 per month on a \$15,000 loan at 9% they will shorten a 10 year term by 3 years. This benefits the community owner, too because the more equity the homeowner has the less likely he is to abandon the home. Anything the manufactured home business can do to dispel the notion that our homes

don’t appreciate in value, helps everyone in the MH business.



### ***Insurance on Manufactured Home Rentals***

A community owner with a considerable number of rental homes says that he can’t afford to insure the homes and that many other community owners don’t either. Is this the next black eye for the MH biz waiting to happen? Headline: “Fire Destroys Mobile Home—Landlord Has No Insurance”.

#### **FREE REPORT!**

#8014

“How to Sell a Park/  
Community That Didn’t  
Sell”

Call:

**1-877-360-2730**

Instructions are pre-recorded, so no one will talk to you when you call.