



# MANUFACTURED HOME COMMUNITY AND MOBILE HOME PARK NEWSLETTER

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## This Month's AHA Moment!

Daylon (not her real name), is a new investor to the mobile home park world. She is set to close on her first acquisition of 60 sites. There is a 50% vacancy factor on the mobile home park, but the numbers still work, making it a nice solid 10% cap rate.

Daylon has a fine education from a top university and a resume that includes investment bank underwriting. When she found a mobile home park that fit her parameters, she did something unique to get to know her residents. She screened the current residents for criminal backgrounds, and found several. The current manager's background check is to call the local police department and inquire about a prospective resident. This is better than nothing, but today tenant screening doesn't cost that much. Why not make an informed decision on who is allowed to move in?

It turns out that two names on the state sex offender registry listed the mobile home park as their address. One name was eventually removed because the sex offender did not live there - but it took time to get the name removed.

The second name on the list was thornier. The sympathetic manager, knowing about the prison time served, allowed the sex offender parolee to move in with a family member in the park and actually signed a lease with the sex offender.

When all this came to light, Daylon, the buyer / investor, insisted the sex offender be removed from the property and tenant rights terminated. The parole officer threatened a civil rights action for the owner's insistence on terminating the lease. Ultimately, the tenant signed a lease termination and is hunting for an apartment. The owner is contributing dollars toward the first month's rent at the new rental for this tenant. It took a lot of time to resolve. The manager thought she was doing the right thing, the owner thought they knew what was going on at the property. The take away is that tenant screening doesn't cost that much, and it is worth it.

In the multi family business, we should assume that our prospective residents and current residents are looking at the sex offender registry. Do you think it influences either their housing decision or their attitude about the mobile home park and the ownership / management? You better believe it does!

## Residential Real Estate Update

Sales of new and existing homes are way up in 2015 in a year over year report in a recent Wall Street Journal article. First time homebuyers are beginning to return to the market, mostly because the jobs picture has improved.

“Low down payment mortgages are becoming part of the water cooler discussion again”, according to Lawrence Yuan, the National Association of Realtors Chief Economist.

Lower down payment requirements naturally attract more home buyers, especially first time homebuyers. Critics of lower down payments say this puts taxpayers at risk for another housing downturn (translation: bail out).

There are a lot more renters than in the past, mainly due to lack of cash for down payments, credit scores that are less than stellar and lenders standards for more income and less debt. Ultimately, do people yearn to own their home rather than rent? To a large extent it might depend on the cost to rent. As I travel around the Midwest I see lots of new apartments and plenty of new apartment construction. The low interest rates and availability of financing may be the driver for all the apartments, but rents are escalating.

The flip side of the coin is that construction costs have shot up! In my market, a new apartment costs \$115,000 to construct, or \$150 per square foot. Rents top \$900 per month. The question is, will renters figure that it doesn't cost that much more to own than rent? Of course, first time buyers don't budget for repairs and maintenance, which makes the cost of ownership even higher.

What does this mean for mobile homes in mobile home parks? As apartment rents rise and residential housing prices rise, as they are in many markets, the mobile home prices for buying or renting look better and better! The value proposition of a mobile home can't be beat!

### THANK YOU!

2015 is on track to be a spectacular year for real estate brokerage, and one of my best years!

Many thanks to my clients for making it a terrific year!



AARON STEVENS FAMILY ON VACATION. With all the ups and downs of life, isn't it great to have a wonderful family to spend time with?



Ben, George and Jack Scharlau

### SUMMER TIME

### AND THE FISH ARE BITING!

These handsome fellows are the sons of John Scharlau.

Last month I reported on new water meters at two of my communities. One community finished the install and we took our first water meter reading after two weeks. One home consumed 30,000 gallons in 2 weeks or about 8% of the water consumption for the entire community! The super water consumer turned out to be an older single woman with a running toilet. We're not sure if the culprit didn't realize how much water a running toilet uses, or if she didn't bother to fix it because it didn't cost her anything. Probably a combination of both.

In conjunction with the water meter installation by ABT Water, I learned there is a thermal dynamic water leak detection system. Apparently, this technology is somewhat new, but is used by cities to find water leaks sooner. The technology tests the ground surface and is seeking cool (as in cold, not as in 'hip') areas. The cool ground may be a water line or water main leak. It makes sense when you think about it. In the winter time it would be the reverse; the thermal reading would seek the warmer ground, which may signify a leak. It feels satisfying to conserve water by finding a water leak.

More updates to come, so stay tuned!

**HOARDERS OR JUST MESSY RESIDENTS?**

Do you have a resident you suspect may be a hoarder? In one of our communities, an otherwise good tenant had stuff piled in his garage (vehicles were parked outside), stuff on his deck, porch and yard. Naturally a notice to clean up did no good. Next we filed an eviction. That's when the resident perked up enough to clean up his lot. He said he has an illness – hoarding. Hoarding is now classified as a mental health illness.

We dismissed the eviction but wonder what the judge would have said about the hoarding? Would the judge have ruled in our favor and ignored the medical aspect? Do you know of any evictions for hoarding? If so, please give me a call.



River view at one of my communities.

**SURVEYS!**

Do any of your residents homes, sheds, or other structures encroach on a neighboring property? No? Think again! In the past year, four of my mobile home park listings had mobile homes encroaching on the neighbors property! In two of the cases, the mobile home park owner also owned the contiguous property. We ended up negotiating the purchase of the contiguous ground.



**MAKING IMPROVEMENTS WITH NEW LANDSCAPING AND SIGNAGE...**  
Residents like to see owners putting money back into the community.

## HALF WAY MARK

We are half way through 2015. How are your income goals for your properties doing? Now is the time to re-energize those goals. What will it take, what will need to happen, to have a profitable finish to 2015?

Do you need to:

- Buy some new homes to rent or sell?
- Raise rents?
- Implement auto pay for rent? (Studies show the majority of apartment tenants prefer this).

There is still time to boost your ROI (Return On Investment) and pump up your bottom line.

Want a confidential, FREE, NO HASSLE evaluation of your mobile home park? Now is the time to benchmark the value. Call 319-378-6786



SQUAW CREEK VILLAGE

“After a good dinner, one can forgive anybody, even one’s own relations”  
-Oscar Wilde from “A Woman of No Importance”

Joanne Stevens is a specialist in listing and selling mobile home parks and manufactured housing communities throughout the U.S. With her 20 plus 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,  
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## HAVE BUYERS!! NEED LISTINGS!!

This newsletter and its content are not meant as a solicitation of any property or properties 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.