

# Communities & Parks Communiqué:

A MANUFACTURED HOME COMMUNITY AND MOBILE HOME PARK NEWSLETTER

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NAI Iowa Realty Commercial

**A Berkshire Hathaway  
Company**



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## **MHP Owner's Call:**

**Our Newsletter is now  
a call-in show!  
Thursday at 1 pm CST  
Dial: 1 408 638 0968  
ID: 948 357 166**

## WHAT SUCCESSFUL OWNERS DO TO OPERATE THEIR MOBILE HOME PARKS:

John G. has owned his mobile home park for going on 25 years. His father built the park in the 1980's. It was on the edge of town back then. The ensuing years have seen lots of development of retail and residential in the area. And while the area population and the town have grown by over 50%, somehow John's park has not cashed in on the growth, at least not in a sizable way. Sure, the homes aren't moving out like in the early 2000's. And John has bought some of his residents' mobile homes over the years. Somehow the occupancy is flat and just as importantly, so is his "bottom line" or cash flow. John isn't worried about it, though. He doesn't owe that much on the park and reasons that he is still 'making money'.



The above scenario is a common refrain of MHP owners. John G has lots of company. "Making Money" on a park with little to no debt is a mindset trap for owners. Why? Because: A) they are not making nearly the cash flow they might), and B) If the park sells the Buyer will ONLY pay for the ACTUAL cash flow, not the "potential" cash flow. Sometimes park owners reckon that a Buyer can just come in and raise the rent, thus increasing the cash flow. And yes, the Buyer will raise the rent; they just aren't going to pay the Seller for it.

Other than the obvious things like raising rent to market and passing through water and sewer,

## WHAT ARE SUCCESSFUL PARK OWNERS DOING TO INCREASE THEIR CASH FLOW?

Here are 3 key things:

I. Mobile Homes. I know no one likes to hear this but it is vital that every abandoned home, vacant home, vacant site, for sale tenant owned homes or any other park owned home has an ACTION PLAN. If the tenant is moving, we, the park owners, had best buy that home. The fact is that most park owners can't tell you the last time a home (new or used) was moved in by a tenant. The days of a prospective resident or retailer calling to inquire about available vacant lots for them to move their home in are "so over". If a tenant-owned home moves out,

most of us can attest that the lot will be vacant for years, maybe decades. Thus, calculate how many months it will take you to earn back the loss of overpaying for a tenant owned home. Then compare that loss to, say, five years of having a vacant site. The odds of a park owner getting such a call are close to zero. As you can see, you can overpay for a tenant owned home by quite a bit and still win at the home sale game. This is the proverbially no brainer.

Good news for John G. One of his older, long term residents decided to move out of state to be closer to the kids. Her mobile home was priced at \$39,000 but after only a few weeks, John G bought it from the tenant for \$20,000 (the tenant was thrilled and relieved to sell) and sold to a middle age couple for \$22,000, who were ecstatic to get a nice home for so little money.



2. Monthly Profit & Loss Statements. Just by reviewing your monthly P&L, you are apt to see missing or delinquent income and costly expenses. (See my article on my website about Collecting All of the Rent, All of the Time.) When you see how much you are spending on things like mowing, sewer line repairs, water loss, tree trimming, and so on, you might get inspired to bid out repairs to at least 3 contractors. Or you might get serious about repairing water leaks.



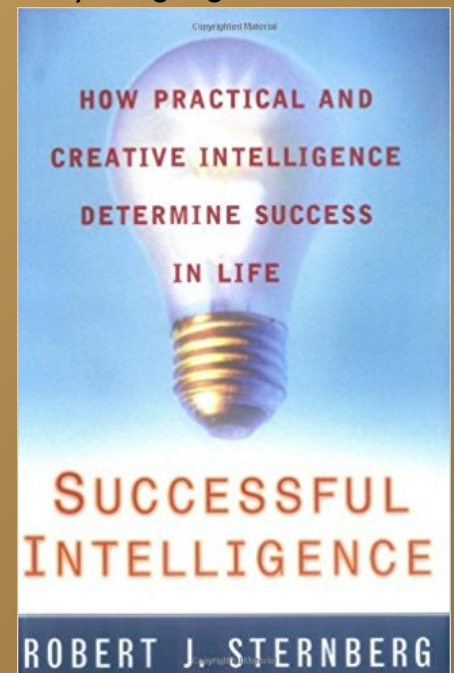
Our friend, John G sits down with his accountant every month to review the P&L. This act alone of reviewing, line by line the numbers, has opened his eyes to things that he overlooked or didn't think about. He is saving money and going after delinquencies-which is money in the bank. You don't need to go to your accountant, though, to do this. How about

sitting down with your partners, spouse or kids?

3. The Electric Kool Aid Acid Test. It's OK if you're clueless about this one. Suffice to say that here is a little test about you and making money with your mobile home park. LOVE what you do.

I can see the collective eye roll as you all read this and you all are thinking, "stick with the mobile home parks, Stevens". Stick with me though, because there is some scientific research on this. In his book, Successful Intelligence, Professor Robert J. Sternberg recounts his elementary school brush with IQ tests. It turns out he bombed on IQ tests. Fortunately, he had a 4<sup>th</sup> grade teacher who didn't put all that much stock in IQ tests. The teacher mentored him and demanded that he work hard and attain straight A's. And work hard he did, obtaining college and Ph.D.

degrees from top schools. He has written books, published hundreds of articles, and speaks about work, careers, goals, and intelligence. His main advice is to love your job. Pretty basic, isn't it? That's the test. Do you love operating your mobile home park?





If you answered no, then maybe you can figure out how to get your enthusiasm back. Would you agree that generally people who are good at what they do, also love what they do? The question is, if you are not that into operating your park, what would it take, what would have to happen for you to love it? Warren Buffet has said he loves what he does so much that he feels like 'skipping to work'. Business people, who love their work, make more money.

## WHAT IS YOUR PARK/COMMUNITY WORTH?

In the last 36 months, have you:

- Added homes to your community?
- Passed through utilities to your residents?
- Lost occupancy?
- Experienced changes to you operating expenses?
- Increased rent?

IF YOU ANSWERED YES, YOU NEED TO KNOW YOUR PARK'S CURRENT WORTH!

I am always happy to do a FREE, NO OBLIGATION, Real Estate Review for your park(s). You ought to know today's market value of your real estate investments.

If this is something you would like, simply give me a call at 319-378-6786, email me at [joannestevens@iowarealty.com](mailto:joannestevens@iowarealty.com), or visit <http://joannemstevens.com/>

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.

## SAVE THE DATE: Links on Our Website

### **RV/MH Heritage Foundation Induction Dinner**

August 7th, 2017 Elkhart, IN

### **George Allen's 26th Annual International Networking Round Table**

September 6-8, 2017, Indianapolis, Indiana

### **MHI Annual Meeting**

Sept 17-19, 2017, Disney's Grand Floridian Resort, Orlando, Florida

### **Crowdfunding in Commercial Real Estate**

September 21-22, 2017, Levine Learning Center, Chicago, IL

### **67th Annual Convention- NY Housing Assoc.**

October 5 - 6, 2017, Turning Stone Resort, Verona, NY

### **National Communities Council Fall Leadership Forum**

November 1-3, 2017, Westin Michigan Avenue, Chicago, IL

## Fill Those Sites!

There may never be a better time to fill vacant sites and replace old mobile homes. The current plethora of manufacturers of mobile homes offering Mobile Home Park owners financing for new home inventory is reason enough to check out new homes and financing. One key reason for buying new or existing mobile homes for vacant sites is that it reduces the number of vacant sites to fill, ultimately saving time and resources in managing the park. An important reason too, is more retirees seeking to unburden themselves from the unaffordable site built home (roofs, repairs, maintenance add up) and switch to a mobile home park. There isn't much to maintain on a manufactured home. The utilities are less, too. And we Mobile Home Park owners often miss the mark when it comes to communicating these two important facts to consumers.

In our ads, we need to repeatedly impart:

- A). There isn't much to maintain on a home,
- B). A smaller home means lower utility bills.

We are the GREEN HOMES and have been for decades! Perhaps the retirees won't be impressed by the greenness of mobile home living but they have kids and grandkids. Those kids will be impressed. That is a tagline or a handout or website banner. "Go Green, Live in ONE of our Mobile Homes, in our Community"

It's time to toot our horn about how good our homes are for the environment.

## The MHP Owners' Symposium by Joanne Stevens

**Join us in Cedar Rapids, IA, December 11<sup>th</sup> & 12<sup>th</sup>, 2017 for an informative conference featuring Accountants, Appraisers, Lawyers and Brokers discussing Capital Gains Tax, inheritance laws, 1031 exchanges, market value, & everything YOU need to operate your park and maximize tax advantages. Every attendee gets a Real Estate Review.**

## **MHP Owner's Call:**

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Thursday at 1 pm central.**

**Dial: 1 408 638 0968 ID: 948 357 166**

**July 13<sup>th</sup>: Chuck Schierbeck, MAI appraiser, and panel from Colliers; Appraisals and Market Trends for the MHP industry**

**July 20<sup>th</sup>: Jim Ayotte of Florida Manufactured Housing Association**

**July 27<sup>th</sup>: Marie Horton, Newport Pacific Capital Company; 3<sup>rd</sup> Party Management, an Alternative to Selling your park.**

## 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.