



Manufactured Home Community and Mobile Home Park Newsletter

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LISTINGS OF PARKS & COMMUNITIES

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FIVE THINGS YOU CAN DO TO IMPROVE CASH FLOW AND MAKE YOUR COMMUNITY WORTH MORE

As a specialist in listing and selling communities, the thing I am asked the most is "What's my park/ community worth"?. Here are the five things that either I'm working on in my communities, or ideas other community owners have shared with me: (Please take this list in a spirit of "we're all in this together" and we are all learning all the time. So here goes. As always, your feedback is welcome.)

1. **COLLECTIONS.** You notice that you have more 30, 60, 90 days past due rent and that you are spending more time collecting rent. To be sure, many good residents are having a harder time paying rent. Food, utilities, and gas cost more. Even though the unemployment rate is dropping (a good thing!), the jobs that are available oftentimes don't match the qualifications, education, and experience of our residents. No matter the household income, the rent has to be paid. When we decide to give the resident extra time to pay, the story the Landlord/ Manager tells themselves is, this is a good tenant, they have been delinquent in the past, but they will get caught up. The fact is that all of the extra time and

work to carry late payers has a big cost to you. That cost is the other things you don't have time to do because you're trying to collect delinquent rent (call, mail, door knocking). I'm not saying that I have zero past due rent. What I am saying is that our company starts the eviction process on the day following the grace period. In our case, that's the 6th day of the month. Collections are quite strong. It seems like more owners are insisting on timely rent. Dave Reynolds and Frank Rolfe, two of the largest manufactured home community owners in the country, have had a NO EXCEPTIONS policy for years in their communities. It's definitely working for them. (FYI: More Manufactured Home owners are renting homes.)

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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 MARKET ANALYSIS on the value of your park or community, contact Joanne Stevens at:

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2. **RENTAL HOMES**

The action for housing today in the U.S. is in rental homes—single family homes. for example - Check out WaypointHomes.com. It's reinventing renting apartments, and right or wrong rental homes in manufactured home communities.

According to CEL & Associates, a national multi-family real estate consultant, home renting is the housing wave until at least 2029 and probably longer. The firm cites reasons such as:

* **A static job market**

Less job security, an ever-changing skill set needed by employers, low wage growth.

* **Flexibility**

More Americans want the flexibility to move, that home ownership, or at least the perception of home ownership, doesn't allow.

* **Finance**

It's harder for consumers to qualify for a mortgage. FYI, banks are also ensnared in the Dodd Frank Act and have a lot more paperwork to comply with the new rules. My local US Bank rep tells me that her customers are turned off by all of the additional information now required by the new law. More manufactured home community owners are renting homes. Some owners rent homes as a way to side-step the Dodd Frank Act.

Some large portfolio owners such as Equity Life Style Properties, Sun Communities and YES! Communities have rented community homes for years with great success. When I talk to other manufactured home community owners it seems like more of them are renting homes.

I like rental homes because it gives me more applicants to choose from. It helps get a more secure lease. I am able to get co-signers for example. Hmmm, more and better applicants, faster turnaround...sounds good. Recently, a national manufactured home community appraiser for a large appraisal firm said that the

future of the manufactured home communities might be rental homes based on the appraisals she is doing.

3. **THINK DIFFERENT**

needn't be just for the Albert Einsteins' and Steve Jobs' of the planet. In other words, it's fine to try some fresh ideas. For example, in addition to being on cordial terms with local law enforcement, give to their fundraisers or causes. I got this idea from Ross Kinzler, Wisconsin Housing Alliance Executive Director. The next time the police are called to the property, a few words from the officer to the tenant, advising them to straighten up and fly right might dissipate the problem. Law enforcement isn't always up to speed on new legislation. If the Tenant makes a plausible argument, for example, return of abandoned property, the police officer might side with the Tenant, no matter the statute. It's important that law enforcement respects the community owner enough to check out new and existing statutes and, of course, listen to the Landlord's side of the story!

4. **LAND USE**

I have listed and sold some manufactured home communities that came with additional land. The owners of these manufactured home communities were convinced that extra land was valuable to their buyer. The sellers reasoned that the buyers would build more sites or they would develop a retail strip center, etc. This is not the case. Buyers of manufactured home communities, generally speaking, are not builders and developers. That's the reason they are in the manufactured home community business. They want to buy a stable, predictable income stream. Developing real estate adds a big fat dose of risk and uncertainty, the anathema of most real estate investors. Depending on the local market, traffic count, access, land area dimensions, zoning and proximity to water and sewer, it may pay you to sell off the ground. In general, commercial real estate metrics are improving, which means there might be a buyer for the ground. It's definitely worth talking to an engineer about the possibility, the timeline and the cost of platting off the extra ground.

5. ACCOUNTING

Does your accountant know when to perform a cost segregation? That's an accelerated depreciation of costs that may be segregated by categories of improvements. This might work well if you buy, refurbish, market and then sell or rent homes. It's pretty common to

lose money on the sale of the home. In the community business, it's next to impossible to make a profit on selling a home. Good investors have top notch accountants that sometimes "find" money for clients.

Nice, newer (built in 2005) Manufactured Home Community in the Midwest. Built by a homebuilder, there are 23 rental homes. Collections are excellent.



Contract terms a possibility

RECENT SALES

NAME	LOCATION	SALE PRICE	CAP RATE ON CURRENT	RENT	# OF SITES/ PRICE PER	VACANCY	SALE DATE
Cokel Mobile Home Park	Monmouth, IL	\$699,000	10	\$220	40 Sites/ \$17,500	3	12/2013
Deerwood Estates	Springfield, IL	\$1,450,000	10	\$266	90 Sites/ \$16,666	16	12/2013
*Eagle Ridge	Marion, IA	\$8,212,500	7	\$320	330 Sites/ \$24,900	29	12/2013
*Gracious Estates	Mason City, IA	\$2,750,000	8.5	\$212	140 Sites/ \$14,705	35	12/2013
*Baculis MHP	Iowa City, IA	\$3,000,000	9	\$295	137 Sites	Unknown	5/2013
*Imperial Estates	Woodruff, WI	\$1,580,000	10	Unknown	90 Sites/ \$17,555	Unknown	8/2012
*Lake Village	South Sioux City, NE	\$675,000	15	\$180	128 Sites/ \$5,273	40	11/2013
*Hillcrest	Clarks Grove, MN	\$1,150,000	10.25	\$215	97 Sites/ \$11,856	7	10/2013

*** Denotes Not Brokered by NAI Iowa Realty Commercial**

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.

**April 29 - May 1, 2014: MHI 2014 National Congress and Expo for
Manufactured and Modular Housing - Caesars Palace, Las Vegas**

Plan to attend the 2014 Congress & Expo to be held on April 29 - May 1, 2014 at Caesars Palace in Las Vegas, to obtain the knowledge and resources necessary to excel in today's housing marketplace. Attendees will be able to choose from top quality educational programs and special events..

Attendees also won't want to miss the highly acclaimed annual NCC Spring Forum presented by the MHI National Communities Council on **Tuesday April 29th**. The Forum is a day-long seminar specifically designed around manufactured home community owners and operators. With an emphasis on providing practical solutions and take home value to help you with your business TODAY, it provides informative content to address the needs of community owner/operators of all sizes.

More information about the Expo can be found at: <http://www.congressandexpo.com/2014/>
Call: (703) 558-0646 or email: registration@mfghome.org

It is an investment of your time, but well worth it. I HIGHLY RECOMMEND IT!