



# MANUFACTURED HOME COMMUNITY AND MOBILE HOME PARK NEWSLETTER

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## 4 MANUFACTURED HOUSING TRENDS FOR 2016

The year is zooming by and this is an excellent time to take stock of mobile home park and mobile home sale trends and what they mean to you.

Certainly more new mobile homes are going into communities. And new homes are selling or renting at a brisk clip, with less down time.

Mobile Home Park owners have persevered through a tough 15 year home sale market. We aren't out of the tough market yet and maybe the home sale business will never return to the good old days. Still, there is higher occupancy than in years past – a very good thing! It's always about the customer.

1. Filling vacant sites with new homes and selling, renting to own (RTO), or renting them. And perhaps the mobile home rental will become the new normal and here is why. (All data from Multifamily Executive Magazine, February 2016 issue):
  - a. Household income has fallen since 1995. Fewer households can afford a home.
  - b. In 2015 the median income of renters was half that of homeowners.
  - c. The number of renter households grew by 9 million (family and individuals) between 2005 and 2015, a staggering number.
  - d. 8.2 million rental units became available between 2005 and 2015. (Includes condos and single family homes that were not previously for rent).
  - e. Demand for rentals will be driven by:
    - i. Aging millennials starting their first households
    - ii. Growth among minority households
    - iii. Senior renters
2. Manufactured housing competes very well price-wise and offers better value than apartments and single-family homes. The reason is that there have been so many investors for apartment buildings since 2011 that the apartment prices have been driven up simply by supply and demand. To make a profit, apartment owners need to charge more rent.

### 3. Time to get real or get out?

Attracting new customers is no longer 'anything goes' - but a SERIOUS business component. Websites with content, use of virtual tours, marketing in print (i.e newspaper advertising is so old school it's IN) are musts. The days of free Craigslist ads with a zero marketing budget won't cut it any longer. You should still do Craigslist ads with pictures, or better yet, video – and be sure to change it up weekly. Translation: It costs more to bring prospective residents to the property.

More and more we are becoming a visual information gathering place; think Instagram, Snapchat, Facebook and the billions of photos shared annually through email. Our manufactured housing consumers are getting their information in pictures. Since mobile homes are a great value and we have a great story to tell, it makes sense to use photos and video. Here are some excellent mobile home websites to check out for homes for sale and for rent to use as a template for your park owned home inventory:

- a. SUN Communities ([www.suncommunities.com](http://www.suncommunities.com))
- b. Equity LifeStyle Properties  
([www.equitylifestyle.com](http://www.equitylifestyle.com))
- c. MHPI, Inc. ([www.mhpiinc.com](http://www.mhpiinc.com))

### 4. Nice homes.

HGTV and staging and Instagram and Facebook. It's more imperative than ever that our community owned homes look good. The days of infrequently updating a website, blah photos (usually from a cell phone), and no photos on Craigslist are gone, baby, gone.

We have a low cost home (mobile home) to offer that stacks up magnificently compared to apartments, condos and single-family homes. What's different today is that television shows like HGTV are changing the consumer's visual expectations. On HGTV the "before" wreck of a house turns into a hip, modern, charming, cozy "after" that is night and day. Even very inexpensive single-family homes are repaired, kitchens expanded, baths modernized. All of this is done on a budget but more importantly, with stunning visuals. And have you ever seen one of these HGTV makeover stories where the home buyer hasn't chatted up their plans to have family and friends visit them pretty much constantly?

The take away here is that consumers seem like they are buying a home for family and friends as much as themselves. Ah, the pride of home ownership. Buyers want it. Are we giving them homes that say "we love it!" or are we giving them a box with no speck of cachet?

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### HAVE YOU TRIED?....

Brandon Bedford, an Eastern Iowa community owner (Glendale MHP) goes to IKEA for kitchen cabinets when refurbishing mobile homes, some of which are smaller and older. Oftentimes Brandon ends up buying the home from the long time resident. The homes usually need a "total makeover". With paint, cabinetry and other repairs, Brandon creates cool dwellings that sell quickly.



### ILLINOIS MANUFACTURED HOUSING ASSOCIATION ANNUAL CONFERENCE

There is still time to register for the Illinois Manufactured Housing Conference to be held at the Drake Hotel in Oak Brook May 18 – 19. This year there will be a Women's Panel (yay!) led by successful female executives in the manufactured housing business, such as Dee Pizer of Zeman Homes. George Allen and Katie Hauck will teach a day-long educational seminar on Manufactured Housing Manager Certification on Tuesday, May 17.

The Illinois Manufactured Housing Association, of which Ken Rischel is Chairman and Frank Bowman is Executive Director, has done a masterful job of putting together a 2 day conference that is a good use of time and money for mobile home park owners and retailers.

<http://imha.org/event-2151881>

In the February newsletter, mention was made of hiring a professional photographer for a community owned home. (Go to [www.stevenshomesandcommunities.com](http://www.stevenshomesandcommunities.com), click on Green Lake and click on #11). It cost \$180. What we got for \$180 was a tremendous response, including the current renters. Even though the home rented quickly, we started a waiting list for another home currently being refurbished, so in a way, we are getting a “two-fer” because the prospects are directed to the pictures of the home already rented, as an example of how the next home will look.

Selling and renting homes is a competitive business, and the old advertising model of a sign in the window and a free, imageless add on Craigslist don't cut it. The homes, while vital to filling sites, continue to become more resource and capital intensive.

### FAREWELL

Judy Carr, founder of Judy Carr and Associates and Rainmaker Consulting, a software solutions company for the manufactured housing business, passed away in April.

Judy was a very smart, educated and accomplished manufactured housing consultant. Her work ethic was boundless. Judy and husband Bill raised three terrific kids.

I saw a plaque in a customer's office once that reminds me of Judy and her success. It's entitled “Four Things A Woman Should Know About Business”:

How to Look like a Girl.  
How to Act like a Lady.  
How to Think like a Man.  
How to Work like a Dog.

**Judy will be missed.**



### SAM ZELL AND A COMMERCIAL REAL ESTATE CORRECTION

The US Economy is “in the 9<sup>th</sup> inning” and headed for a recession in the next year, according to Sam Zell in an April speech at a real estate conference. Albeit, the coming recession will be a “significantly milder version” of the Great Recession.

It seems like a very long time ago that Mr. Zell sold his office portfolio for \$39 billion. In hindsight, some economic experts have said this humongous sale was the opening bell of the Great Recession and Mr. Zell, with his astute market timing, sensed that the market was at the top, which is to say, time to sell, and sell for top dollar.

Mr. Zell cited the world economy as the main reason the US may experience this next recession.

## **MOTHER'S DAY!**

Happy Mother's Day to all of the moms in the manufactured housing business. Women continue to grow in numbers in all facets of the business. There are numerous woman state executive directors, mobile home park owners and community managers who are making significant contributions to the manufactured housing industry. Here are just a few:



- Amy Bliss – Executive Director of the Wisconsin Housing Alliance
- Sheila Day – Executive Director of the California Manufactured Housing Association
- Mary Gaiski - Executive Director of the Pennsylvania Manufactured Housing Association
- Ann Parman - Vice President of Education at The Manufactured Housing Institute
- Donna Rishel - Compliance Consultant at Rishel Consulting Group
- Tammy Fonk – mobile home park investor
- Carolyn Allen – GFA executive
- Marguerite Nadir – CEO of Equity LifeStyle Properties

### **WHY OWNERS SELL THEIR MOBILE HOME PARKS**

One of the top reasons is partnership dissolution. One of life's realities is that partnerships, for whatever reason, over time run their course. People tend to have a different vision for their lives in their 50's, 60's and 70's than they do in their 30's and 40's. It's what we call life. We evolve and perhaps have different priorities and goals.

Here is a quote from Deepak Chopra that is worth sharing:

“Your life should be a series of achieving worthwhile goals”.

We humans evolve, we change. Does owning a mobile home park still fit your goals?



### **WATER METER UPDATE**

Last year I wrote about my water meter installation for 280 sites. It's been 6 months since the residents started paying for “infrastructure utilization” (water and sewer). Here's how it all played out.

The meters have saved a lot of money, but not as much as expected. There are a couple of reasons for this. One is that the storm water fee of about \$12 per month per site is still included in the rent. The main reason, though, is water leaks in the mobile home park infrastructure. A lot of leaks have been found, some of which have been pretty big. Right now there is another big leak that we are relentlessly working on locating. These water leaks are no fun but the good news is that the leaks are being found and fixed.

If it weren't for the individual water meters I would never have known how bad the park water line infrastructure is. And the local water department is in an aggressive path of water rate increases. This year the increase is 10%. If not for the water meters, it's doubtful that the rent could have been raised enough to cover the 10% increase.

More and more cities and towns are raising water and sewer rates. More and more mobile home park owners are passing through the water and sewer costs, either by installing water meters, or adding a water surcharge.

All things considered though, I definitely recommend individual water meters.

## **REALLY, REALLY CLOSE TO 100% COLLECTIONS, 100% OF THE TIME**

Chrissy Jackson, ACM (Accredited Community Manager) instructor, gave a great idea to the students of an ACM course, which we have implemented with stunning results.

Here is Chrissy's blueprint for 100% collections, 100% of the time:

When a resident doesn't pay, give the normal non-pay legal notice. Each day between the notice of non-payment and the eviction hearing at the courthouse, mail and/or post on the resident's door, something about paying up. Here is what we send:

Day 1 – 3 Day Notice of Non-Payment of Rent

Day 2 – Original Notice And Petition For A Money Judgment

Day 3 - Original Notice And Petition For Forcible Entry and Detainer

Day 4 – Cost of Not Paying Rent

Day 5 – Statement of Charges

Day 6 – Charges Accumulated Past 12 Months

Day 7 – Final 24 Hour Notice

These documents, along with the schedule and table of delivery, are on the website under Articles.

Since using Chrissy's methods, we only have 1 late pay this month! By mailing and posting daily until all of the rent is paid, it seems like residents realize we are serious about collecting the rent. There are no payment plans.

The best result of this is the manager's energy. It's a downer to have to call non-payers, file tons of paperwork, go to court, etc. Managers love not having to spend their time doing all of that monotonous work, and it frees them up to do more positive activities like showing homes and enforcing the Guidelines.

## **MAINTENANCE FREE LANDSCAPING**

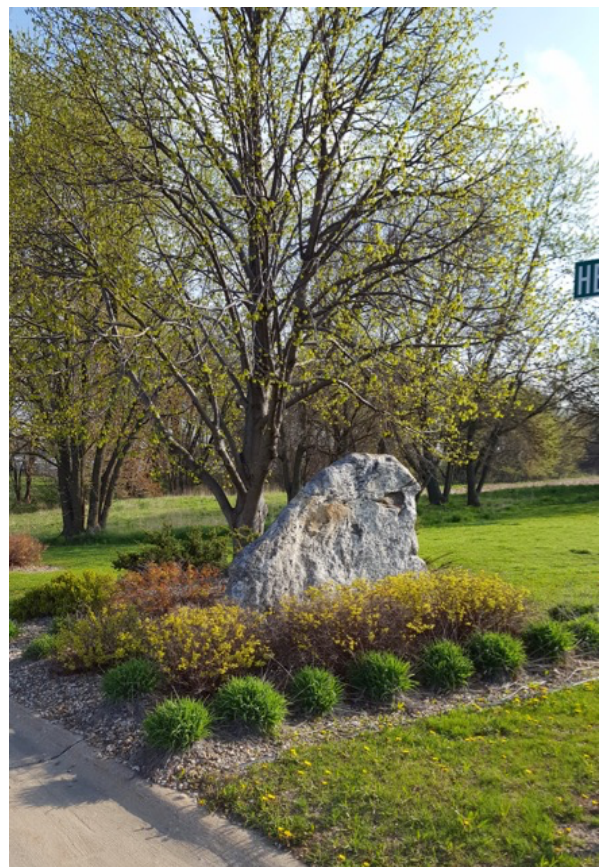
It's sometimes remarkable how far some landscaping can go to beautify a mobile home park, and at a low cost.

The trick is to plant maintenance free shrubs, use rocks for mulch (with landscaping fabric underneath to deter weed growth), and water at the outset. After that, there will be color year round, even a bit in winter.

Here are the maintenance free plants used in the picture, (which were planted in the late 1990's!)

- Korean lilacs
- Hostas
- Burning bush
- Yarrow
- Dogwood

Consider planting milkweed as well, for caterpillars to feed on. This helps grow the dwindling butterfly population.





## **PARK MODELS AND PERMANENT FOUNDATIONS**

Missouri doesn't require a permanent foundation for homes sited in mobile home parks.

With the small house trend and not having to do a permanent foundation, you may be able to fill sites and get the lot rent meter going for less money than buying a new mobile home.

If you plan to buy new homes it may be worth checking on your state's requirement for park model homes.

## **RENT GROWTH**

In the April 2016 issue of the National Association of Realtors' RealtorMag, ([www.realtormag.realtor.org](http://www.realtormag.realtor.org)), NAR Chief Economist and Vice President of Research Lawrence Yun wrote that rent outpaced wage growth by 3 times ! And many towns and cities have a housing shortage, which is driving up house prices.

The two major consequences of higher rents and higher house prices are people doubling up or moving home. Both of which are good for the manufactured housing business.

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<http://www.peplending.com/>

## **UNDER CONTRACT!**

266 sites in central Michigan. I have many buyers, so if you are thinking about selling and want to know what your mobile home park would sell for, please call me at 319-310-0641.

## FREE REAL ESTATE REVIEW

I am always happy to do a FREE, no obligation, Real Estate Review for a fellow mobile home park owner. This will tell you today's market value of your mobile home park.

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



Joanne's new mobile home park brokers, sharing a LARGE ice cream treat after a morning of deal making!

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.

<http://joannemstevens.com/>

## 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.