

# Communities & Parks Communiqué:


## A MANUFACTURED HOME COMMUNITY AND MOBILE HOME PARK NEWSLETTER

2016 October

### Why MHP Owners 1. sell their parks?


It's a big decision to sell your park. Do you want to pay capital gains taxes and lose the monthly revenue of the park? But does operating the park give you a headache and tie you down? Here are reasons some owners take the plunge and sell their parks.

### Flooding ... 2. Again and MHPs



Lessons learned from the Flood of '08 as we experience the Flood of '16

### What Renters 3 Want...



What Renters want and ideas on how to provide it.

### FREE REAL ESTATE REVIEW

I am always happy to do a

**FREE NO OBLIGATION  
CONFIDENTIAL**

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 call 319-378-6786 or email me at [joannestevens@iowarealty.com](mailto:joannestevens@iowarealty.com)

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### Why MHP Owners Sell Their Parks?

It's a big decision to sell a mobile home park. One has to pay capital gains taxes and replace the income from the MHP operations. These are the two main reasons why MHP owners hold on to their parks year in/year out and long after they no longer feel enthusiastic about operating one.

Here are some key reasons some MHP owners say they decided to sell their Mobile Home Park:

#### 1. Demand and Prices are soaring for MHPs, leading to rising prices.

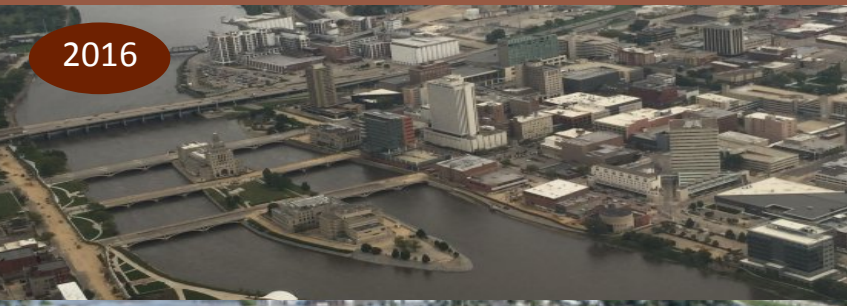
It's the economic concept of Supply & Demand; there simply are not enough MHPs available to meet the demand. Even MHPs with issues like vacancy, deferred maintenance, private utilities, and less populous markets are selling for strong prices.

In Real Estate, like in the stock market, there is a timing to robust sale prices. Right now, the low interest rates are causing rising prices. Once interest rates go up, it may be a different story. One owner told me he sold because he felt that prices would never be this high again in his lifetime, so he sold.

#### 2. Aging residents and home sales.

One owner said that he realized some of his aging residents would be going to care facilities. He didn't want to deal with having to help sell their homes or with the relatives that were unknowledgeable about selling the homes. The risk of a home going out of his park because of a relative selling the home online also contributed to his decision to sell.

2016



2008



## Flooding...Again and Mobile Home Parks

The Great Flood of 2008 took our City of Cedar Rapids by surprise; it turns out the flood gage mechanisms weren't working. Talk about being unprepared! The losses to businesses and lost of homes was enormous.

Cedar Rapids is back on its feet from the 2008 flood and only 8 years later, the second biggest flood in Cedar Rapids history happened! This time the flood prediction and flood water levels came 5 days in advance. With any luck, the losses will be mitigated.

In 2008, many citizens were evacuated from their homes and many homeowners and tenants did not have a place to go. The area MHPs were inundated with evacuated residents desiring to buy or rent a mobile home. Eventually, FEMA moved in some furnished mobile homes to meet the need.

If there is one major take away for the MHP business when a natural disaster occurs:

Make an effort to convert the displaced victims into permanent MHP residents.

Naturally, after the traumas of a natural disaster and the loss of one's home, it's normal and natural that people just want to home-to neighbors and friends.

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## What are MHP Sellers doing with their cash from the sale of their parks?

It varies. One owner reported that he bought single-family homes as rentals. He's anticipating a good cash flow from these investments. He also said that he likes having a lot of cash available for other investment opportunities that come along.

Another investor had carry forward losses from past investments. By selling, he was able to significantly lower his capital gains tax on his MHP. If you have kept your park-owned homes in a separate company (which it is recommended you do), you may have some losses to help offset the capital gains tax.

There is a definitely a need to plan and set aside cash flow for the day when you sell and have less income.

If you have a couple of years or more before you will be selling consider taking the following actions:

- Get a Real Estate Review. Get an idea of your park's worth in today's market. This doesn't obligate you to sell or commit you in any way but you ought to know what your property is worth.
- Have your tax accountant estimate your capital gains tax on today's value of your park with today's capital gains tax.

By taking these steps you will have a good idea of your net cash sale proceeds. This means you can start to think about how to use your sale proceeds, get advice from your financial advisor, and formulate a PLAN for your cash after the sale.

## What Renters Want....

(Notes from MultiFamily Magazine)

### What's true for apt owners may be true for MHP owners that rent mobile homes!

The two most top rated community amenities:

1. Parking (94%).

Every MHP owner should tout the close proximity of parking to the mobile home that MHP living offers along with the benefit of carrying children, groceries, etc., a short distance especially in inclement weather. Paint the picture for you residents and prospective residents. Say, "Think how nice it will be when you can park next to your front door?" or "Won't it be nice when its pouring rain and you won't get soaked before going to work."

2. Swimming pools.

MHP owners report that the pools don't get as much use by the residents as expected. Nevertheless, it is a top reason why apartment prospects select an apartment complex.

## 3 Trends in Renting You should be aware of...

1. Walkability:

Walkability is a rising trend in rental living with residents (70%) stating that they prefer being able to walk to the store and 36% who prefer to walk to work.

2. Community Websites.

According to Multifamily Magazine, 80% of prospects state that they search property websites, when selecting an apartment.

3. Tiny is key:

At the George Allen Round Table in Nashville in early

That may not be possible after a natural disaster. The City ended up buying out many homes and demolishing them because they were beyond repair.

Another shock was the insurance money payouts for flood damage. Homeowners thought flood insurance meant the cost of home replacement. Many homeowners learned a hard lesson. Flood insurance only covered the mortgage balance and thus protected the lenders and not the owners. One older retired couple owed \$2,000 on their home. Sadly, that payout went to their bank and not them.

People are hurting in the aftermath of a flood or natural disaster. Looking back, all of us MHP owners could have done a better job of handholding and encouraging the flood victims to become residents of our MHP communities. Homeowners need to know their options. People will be looking for affordable alternatives to their old communities. Mobile homes may provide a good permanent solution for homeowners affected by the flood. Thankfully, there are no MHPs impacted by the flood.

There are more natural disasters today than in the past. One lesson learned from the Great Flood of '08 is that when the City housing stock is well below demand especially for low cost housing, manufactured housing is not really on a City's radar. If you are an owner, manufacturer or retailer, there is a need for manufactured and modular homes for vacant sites in current parks and vacant lots around town. For example a local homebuilder built and sold numerous modular homes (that looked just like manufactured homes) to the City at a profit of \$20,000 per home, all pre-contacted for. Of Course, the City built them in the Flood Plain!

**HAVE BUYERS! NEED LISTINGS!**



Highlight from My trip to Nashville for the George Allen Round Table:  
Paradise Park Trailer Resort Bar in Nashville, TN

### SAVE THE DATE

2016 NCC Fall Leadership Forum

Nov. 1<sup>st</sup>-3<sup>rd</sup>, 2016  
Downtown Chicago

[www.manufacturedhousing.org](http://www.manufacturedhousing.org)

September, Darren Krolewski (of MH Village) told attendees that MHP owners needed to use the key words 'tiny homes' in advertising and especially on our websites. The reason is because of the tiny home trend. There are numerous shows on HGTV about tiny homes and interest is increasing. And just like HGTV gave birth to staging homes in the real estate business, the tiny homes shows are causing more viewers to act on owning a tiny home. Darren said that mobile homes are the original tiny homes and that mobile homes serve a need for tiny home consumers to get rid of all the stuff the consumers no longer want or use. There may very well be a market for downsizing consumers that lies between the 2-story home in the suburbs and a 300 sq. ft. tiny home. And mobile homes may be an excellent fit for some consumers! Will this trend also create more demand for storage units? Probably especially for units that are well located, secure, and well lighted inside and out.

# HALLOWEEN



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, turning around, and brokering parks, she will MAXIMIZE your sale price.

<http://joannemstevens.com/>

New Assistant, Kristen's children join our other MHP Brokers in training get into the Halloween Spirit.

Winter is coming...Start a winterization list & remind tenants to check their heat tape.