



First-Class Mail
U.S. Postage Paid
59047
PrintingForLess.com

Communities & Parks Communiqué:

A MANUFACTURED HOME COMMUNITY AND MOBILE HOME PARK NEWSLETTER

2016 September



Joanne's MHP brokers in training, Rex & Will, Hanging out at the pool after a hard day of deal making!

Going Green to save Green:

Host a Pokémon Go walk through your community or host a fundraiser for your local animal shelter or charity with apps like Wooftrax or Charity Miles. People who use the streets for exercise will want to keep the streets clean and maintained.

Save Water, Clean your Green, Walk it. Money not spent on litter removal, not spent on repairs and labor, not spent on wasted water streamlines your profit. Save money with less water usage, tax credits and savings by upgrading to energy efficient/green equipment, and holding charitable fundraisers, and getting your residents to feel pride in their community.

The apartment business repeatedly stresses these customer friendly benefits.

We MHP owners ought to as well.

Did you know?

Roughly, 20 Million people live in mobile homes, that's 2.3 people per home for the approximately 8.5 million mobile homes in the US.



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/>



NAI Iowa Realty Commercial
A Berkshire Hathaway Company

Joanne M. Stevens
Real Estate Broker

For more information on
COMMUNITIES & PARKS visit us at:
www.JoanneMStevens.com
joannestevens@iowarealty.com
Direct: 319.378.6786
Fax: 319.365.9833

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

SAVE THE DATE

2016 WHA Annual Conference

Chula Vista Resort, Wis. Dells

**Nov. 9th-10th, 2016
Downtown Chicago**

<http://www.housingalliance.us/events-education/event-calendar/>

SAVE THE DATE

2016 NCC Fall Leadership Forum

**Nov. 1st-3rd, 2016
Downtown Chicago**

www.manufacturedhousing.org

Mobile Home Park Flippers (A New Investment Trick)

You've seen the HGTV Home Flippers. The attractive young couple (sometimes with a cute kid or two in tow) buys a disaster of a fixer upper and after demolishing the interior with their sledgehammers, and a nail biter of a budget (oh no... what if they

don't make money on this house!); they walk away with tens of thousands of dollars in net profit. They obviously are good researchers and know the sale comp when they purchase the property. What does a HGTV show about flipping houses have to do with selling a mobile home park, you might be asking yourself? It has quite a lot to do with selling some parks, and the 'WHAT' is FAR less entertaining than HGTV reality TV.

MHP investors are buying mobile home parks, usually paying cash, and then "flipping" the parks. They are buying properties with low lot rent, high vacancy, and older pre-existing homes. They are raising lot rents, filling vacant sites by buying new homes, offering moving deals, renting out existing homes, selling/leasing park-owned homes; all with the goal to increase the bottom line of Park Profitability. By investing in capital improvements, they are making hundreds of thousands to millions of dollars of profit.

Article continues on page 2.

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.

Mobile Home Park Flippers (A New Investment Trick) Cont.

How are they doing this?

1. They are going to raise the rent SIGNIFICANTLY. As much as \$50 or more per month per year of ownership. They have done their market rent research and know that the park is under market rent levels by \$75-\$100 or more per month and that raising rents significantly will not cause anyone to move or at least the odds of a tenant moving because they are mad about the increase are slim. Here's the math: 100 sites, lot rent increase \$50 a month: **$100 \times \$50 \times 12 = \$60,000$** towards revenue with no additional cost. Even if one tenant (lot rent \$300) moves out, it is still only a lost of \$3,600 per year; most likely much less as a new tenant will move in within months happy to pay the higher rent. Flippers look at what the market rent indicates. In addition, they are not especially concerned with negative comments from tenants. Their goal is to sell these tenants to someone else. When the letter of rent increase is sent out, a market rent survey is included. That way the tenants can see in black and white what the score is. And most tenants already know that they have had rent below market rent and have been getting a very good deal for a long time. Many tenants have probably wondered when the shoe would drop and the rent would go to market value.
2. Installing individual water meters and billing each resident separately. The cost for the meters is recaptured over one to three years of tenants paying for water and sewer consumption. Afterwards you are no longer responsible for paying the bill. It's a FAST payback for any mobile home park owner.
3. You can't sell/rent what isn't there: Flippers are buying homes and filling sites. They are investing in new homes, by either replacing old damaged homes or filling empty sites with the new homes, and selling or renting accordingly. And they don't care if the new tenant is a renter or buyer; their goal is to fill the park to 100% capacity. Flippers have done their research; they have run test ads and have a pretty good grip on the demand for homes in the area before they bought your park. Interestingly, many current established owners don't run test ads before investing in new/used homes. Yet, the same established owners will report an uptick in mobile home buyer traffic but are clueless as to why the traffic is up. They don't recognize the correlation. Remember our 100-site MH Park with the lot increase? Lets say it had a 10% vacancy rate. **$10 \text{ sites} \times \$300 \text{ lot rent/month} \times 12 \text{ months} = \$36,000$** .

So between raising the rents, passing the cost of water and sewer to the tenants, and filling sites to generate even more lot rent, the value of the park can greatly increase. Flippers use this recipe for success to improve their profits when they resell the park they bought from an established owner, who had refused to invest in his/her park and refused to bring their park to market. DO YOU WANT TO BE FLIPPED? Imagine how you would feel if you sold your park and learned that it sells in the next 1-3 years for hundreds of thousands to millions of dollars more than you sold it for. That's not a good feeling; it's not good investing; it's not good business.

The moral of the story: DON'T GET FLIPPED.



Going Green to save Green:

Green ways to attract and retain residents that save money and the world:

We have all turned on that one show. The music cues; we see a smiling couple or family, and the listing starts. "We NEED the following in our apartment/next home." They want green features, amenities like green space or a near by park, and environment that feels welcoming.

How can your park attract residents who want to invest in their homes and communities? By investing in them yourself. Green doesn't have to cost green, but it can save it.

1. Save Water, Don't share with a friend: Water Conservation with individual water meters:

More and more MHP owners have and are installing individual water meters. MHP owners are causing hundreds of millions of gallons of water to be saved every year. It saves the park and the residents money, too. They pay only for their actual consumption, which gives them a lot of control. MHP are ahead of most apartment properties because apartments typically do not use individual water meters in apartments, instead overestimating water costs and passing the costs to their residents.

2. Clean your Green: Landscaping and Grounds Cameras:

Apartment owners can view the grounds, landscaping, and common areas 24/7 by using strategically placed cameras. Instantly they can ascertain how the property looks and what areas need attention. Not all properties can afford or want to invest in security cameras. The smart MHP owners require managers to use a go pro camera. The owners and manager then review the go pro video and see what needs to be addressed. One can imagine the intensified 'cleaning up' that goes on in the MHPs that use a Go Pro. We started doing it at a few of our properties. My managers decided to hire two high school aged brothers from our community to pick up papers and so on at a couple of our MHPs. It raised the 'junk' awareness in our two young helpers' minds. One of the boys remarked to the manager how they notice the trash a lot more now and when their school bus turns down their street, they are often dismayed by how much there is to pick up. Just think what it would look like if it weren't for the two helpers, Yikes!



Offer your residents a chance to invest in their community. Host community clean up days. Hire local workers to pick up trash. If you live in a state with can deposits, set up a recycle can donation drive to add/improve common areas like playgrounds, basketball courts or pools. People protect and care for what they are invested in, whether that investment is with labor or goods. And money and labor donated, is money earned.

3. Walk it: You don't need a fitness center to be fit.

Even the largest MHP doesn't have much traffic with the exception of commuter traffic times (the going to and coming home from work). Interior streets in mobile home parks have a lot to offer residents who wish to have quiet safe streets to walk. Emphasize to the residents that the mobile home park streets offer a convenient and 'no excuses' way to get the recommended 10,000 steps per day.