

How To Really Fill Your Vacant Lots



Frank Rolfe

I can remember when a good, well-located community could fill seven or eight lots per month with nothing more than some flyers at a manufactured home dealership. To even say such things today dates you as someone from the dinosaur age. And unless you've been in a cave, you know that you are lucky to fill one lot per year in that manner today.

So how do you fill vacant lots in your community? Well, a lot differently than you did in the past – and it takes a whole lot more effort. But you'll find that once you put your program together, it will turn your life and spirits around to see new homes coming in to those old, dusty lots.

If you have been reading this magazine at all for the last seven or eight years, you are pretty familiar with the industry "chattel crisis". Basically, it was the sub-prime mess of today, only fully focused on manufactured homes. People bought homes they could not afford, and they went back to the lenders in record numbers. As a result, lenders don't do "easy" lending any more on manufactured homes, and the sales have suffered enormously as a result. Dealers that were selling 10 or 20 houses a month in 1998 are now lucky to sell 2 or 3. And very few of those homes end up in land lease communities – they almost always end up on private land. So to fill your vacant lots, you have to forget about those dealerships filling you up, and take control of your destiny yourself.

These are my ideas for filling up your vacant lots in the real world of today:

• **Become the #1 community for new home dealers.** Am I contradicting myself? No, those dealerships do sell an *occasional* unit that goes into a land lease community, so you can't ignore them altogether. To get any fill rate from these guys, you have to make sure that you have a 100% closing rate on any inquiry for a lot. Make sure that you have flyers at every dealer, as well as an attractive "move-in special" program to entice customers. And call each sales manager or salesman periodically to let them know you *really* want their business.

• **See if those same dealers would want to move some inventory into your community and sell it on location.** When I went to buy my stick-built house, I choose a location I wanted, and then inspected the available inventory for sale on MLS. Why shouldn't manufactured home buyers do the same thing? Instead of having some used or new inventory gathering dust on the sales lot, see if the dealership would have any interest sitting a couple units in your community and advertise them as a "location sale". That's how every other form of housing is sold. We convinced a dealer in Oklahoma to try it, and he sold six units in this first year! You will probably have to give the dealer free lot rent until the unit is sold – that's a small price to pay.

• **Locate those individuals who like to buy and sell or rent manufactured homes, and see if they will bring in inventory to your community.** Sometimes referred to as "Lonnie deals", named after Lonnie Scruggs who wrote the book "Deals on Wheels", these are transactions where someone purchases a manufactured home and then re-sells it or rents it for a profit. Many of these homes begin life in the older inventory section of a dealer, or on private land, and are then initially moved into a community. Make sure that your community is

where they go. You can find these "Lonnie" individuals by driving through other communities looking for "For Sale" or "For Rent" signs that share the same phone number, or by asking the local dealers and home movers. We have one individual who has brought in about 40 homes to date under this system. Again, you will have to give the "Lonnie" individual free rent until it sells. Big deal.

• **Bring in homes yourself, and then rent or sell them.** It's not that difficult. You buy them from a dealer, or from a broker, or even new from a manufacturer. You then either sell them or rent them once they are set up in your community. Two things to watch out for in this scenario 1) you must get a dealer's license in most states and 2) it takes a lot of capital. Just bringing the home in, setting it up, and skirting it can cost about \$3,000.

• **Convince residents from competing communities to move over to yours.** I've left this idea for last, since it causes hard feelings between community owners (and rightfully so!), and can cause a dangerous catch-22 situation where community owners are constantly trying to steal each other's customers. There are two times in which I have used this system, and both were special situations that were not quite as bad as just going after the other guy's tenants. The first is when a competing property is being closed down for new development. In those events, the minute you hear about it, go to the community that is being shut down and tell the manager or owner that you want all of his customers and are willing to pay for the whole move, or part of the move, just to get their business. I once scored 35 homes out of a community closing for the development of Home Depot using this very approach. Normally, the owner of the community that is closing is more than happy to have an option to send his folks. The other time that it is proper to consider trying to obtain customers en masse is when there is a community that is truly doing a terrible job, and the residents want out badly. The reasons can be numerous – frequent water or sewer outages, poor management, a location that has become unsafe, the list is endless. You normally find out about such an opportunity when several tenants come to your property suddenly, wanting to move over. In those cases, I tell folks to tell all their friends that we would be happy to take them, or even send a flyer letting people know that if they want to move their home, we would love to have them. You can sometimes pick up 10 or 20 new residents by doing this.

Until industry sales improve, these proactive steps are essential for filling your vacancies, and getting your community on a strong financial footing. Don't wait by the phone for a dealer to call – put this plan into motion today!

Frank Rolfe is the CEO of American Home Communities, LP, which has ranked as high as the 63rd largest owner of manufactured home communities in the U.S. Frank has been a featured speaker at numerous industry conventions, and has appeared in industry publications including the Crittenden Report. Frank has published several books and recorded cd's on the management and turnaround of manufactured home communities. For his free report on the "Top 50 Mistakes Community Owners Make" visit Frank's website at www.mobilehomeparkeducation.com or via email at Frank@MobileHomeParkEducation.com