

MAY 2003



One of the vintage trailers on-site.



Above: The early use of visual devices, such as this rendition, helps dispel entrenched opinions and attitudes about manufactured home communities. Left: The layout was an engineering challenge: fit 15 homes, garages, extra parking spaces, a play area and two entrances on a lot measuring less than an acre.

MAY 2004

In May 2004, the process of removing or demolishing the old structures was underway.

CASE STUDY:

Revitalization Project Makes Quality Homes Affordable

BY STEVE HULLIBARGER

Like many developers considering the use of manufactured housing in lieu of stick-building, David Gough, president of Long Beach-based Pacific Real Estate Investments, Inc., got his first comprehensive look at the industry by attending the April, 2003, Las Vegas MHI Seminar, *Developing with Manufactured and Modular Homes*.

The previous month, Gough acquired the Flora Vista Trailer Park in Bellflower, Calif., with plans to redevelop it with manufactured homes. The seminar gave him a chance to evaluate a variety of options and strategies for his property, which he renamed Palm Vista.

Bellflower is a thriving town of 77,000, located along the Los Angeles-Long Beach corridor and is the home of more than 40 small neighborhood manufactured home communities (32 of which have less than 50 sites). The city is experiencing revitalization, based partly on its central location in the huge Los Angeles metropolitan economy. The problem of what to do about some of these older communities has presented an obstacle to orderly residential renewal.

One example was the Flora Vista Trailer Park, a run-down property across the street from a new showcase seniors' apartment complex. The city had provided substantial financial construction support for the apartment project and was eager to see it enhanced by other renovation activities on the street.

GETTING AN EDUCATION

Following a suggestion at the *Developing with Manufactured and Modular Homes* seminar to help new developers minimize mistakes due to unfamiliarity with the different building process required by factory-built homes, David decided to purchase two vacant city lots in Long Beach to "get his hands dirty."

He placed a one-story two-section HUD-Code home on the first lot and finished it with an attached two-car garage on the street-end of the house. Upon completion in July 2004, Gough sold the home for \$360,000—a good value in an area where the median price of a single-family home is \$525,000.

The second property represented a challenge due to its small size, only 25 feet

wide and 120 feet deep. For this site, he selected a popular two-story HUD-code home, which yields 1,163 square feet on only a 15 by 44 footprint. This house was completed by a detached two-car garage, which created a small patio area between it and the house. Finished in November 2004, the home sold for \$350,000.

From these first two spec ventures, Gough gained valuable insights which would aid him in his Palm Vista development.

He realized that manufacturers offer significantly different homes, but comparing them can be frustrating because of a lack of industry specification protocols. He also learned that the manufacturers do not as a rule become heavily involved with site planning issues, preferring instead to be told what to build. Lastly, he discovered that the recent turbulence in the mortgage markets for real-property manufactured homes represents a serious increase in risk for spec builders.

CLEANING UP THE SITE

The Flora Vista Trailer Park contained 22 sites and four old bungalows when Gough made his acquisition. Many of the homes



Using a crane, the top module was placed over the ground floor. Note the details of the inter-floor connection and of the foundation wall.



DECEMBER 2004

The first five homes were installed with a crane in December 2004. In the foreground are the removed hitches, axles and wheels, some of which will be recycled.



With painting completed and garage doors installed, the development was ready for a ribbon-cutting ceremony in September 2005.

were occupied by squatters living in the park for free. Of the legal residents, only five owned their houses.

The homes were a potpourri of pre-HUD mobile homes and a small number of trailers. Gough realized that he would not be able to execute his vision for the property with any of the existing dwellings. With legal counsel, he set out to clear the site. The illegal residents were quickly evicted.

Gough negotiated with the remaining residents for mutually-satisfactory arrangements that assisted their departure.

Once that process was completed, the old structures were removed or demolished and the site was cleared. This allowed the renovation process to start in earnest.

GETTING DOWN TO BUSINESS

To meet the demands of today's home buyers in Bellflower, the minimum requirement of three-bedroom and two-bath homes, plus garage, could not be met via the use of single-section manufactured homes. However, space was severely limited so Gough's only option was to use two-story models.

Numerous variations of street and site layout were evaluated before the final plan was set. Taking setback requirements and one-car attached garages into consideration, no more than 15 homes could be sited on the 9/10th-acre site.

Several manufacturers offer two-story HUD-Code homes in California. Gough undertook a detailed comparative analysis to make his decision to use homes built by

Fleetwood Homes in its Riverside factory.

As he found when he constructed his two Long Beach infills, he needed to lay out the various manufacturers' specifications and costs in a spreadsheet, occasionally making abstract adjustments to account for features that one plant offered and the other didn't.

CUTTING THROUGH THE RED TAPE

Gough was careful to preserve the property's status as a manufactured home community, which gave him the distinct advantage of keeping the site within the jurisdiction of the California Department of Housing and Community Development (HCD). Rather than being subject to a myriad of conflicting ordinances and statutes imposed by cities and counties, he worked with HCD, who understands this type of development.

At the same time, Gough met with city staff in Bellflower to give them the "heads-up" about his plan.

Gough is a true consensus builder, and he wanted to enlist the support of the city for his development plans. He received their support—and then some.

Beginning with Brian Lee, Bellflower's Director of Community Development, city personnel became enthused with Gough's idea. With only modest conditions, the City Council voted to grant Gough \$500,000 in HOME funds to help make his project successful. During a City Council meeting in the summer of 2004, one Council member said, "[There are] 46 other mobile home parks in Bellflower and we would love to see this happen to every one of them."

Part of Gough's strategy to help others see his vision and not be hindered by old perceptions of factory-built homes,

TAKEAWAY ►

5 Tips for Developing With Factory-Built Homes

1. New developers should get an education about how to incorporate manufactured and modular homes in their building process (www.manufacturedhousing.org).
2. Starting out with a small project first, like an infill lot, will lessen financial risk and yield excellent opportunities to learn hands-on.
3. In areas where factory-built home developments are rare, get the support of local officials and stakeholders before you start the project.
4. Communicate your project vision to people that aren't familiar with factory-built housing in graphic terms, rather than in words that may drag up unwarranted stereotypes.
5. Hold several "coordination" sessions with the developer, engineer, contractor and manufacturer.



Soon after the first homes arrived, this sign offered project and phone contact information.

MARKETING TOOLS

Professional model furnishing and decorating is a crucial marketing tool. This view captures the living room, and parts of the entry foyer and kitchen.



eral candidates, he negotiated a complex contract with Precision Manufactured Developments of Newport Beach. PMD's Glenn White had extensive experience installing two-story manufactured homes, including

was to have a professional artist create a watercolor rendition of the envisioned community. Steve Hubbard, of Folsom, California, helped city officials and others see Gough's vision of the finished project and project its desirable attributes. This step cost a little extra upfront, but saved untold costs if the project had met resistance.

COORDINATING WITH PROFESSIONALS

When planning a land-lease manufactured

home community, it makes sense to engage the services of an experienced engineer who has developed with manufactured homes in the area. Gough turned to Development Engineer Larry McDermott from Riverside County to fulfill this role. McDermott finalized the site plan, drafted the construction standards and created a development plan to be submitted to HCD for approval.

In the meanwhile, Gough started his search for a contractor to undertake construction activities. After interviewing sev-

the homes in the nearby and well-known Lido Peninsula Resort.

Gough then coordinated several planning sessions with the developer, engineer, contractor and manufacturer, so each could see beyond their individual role. All too often, this critical activity is omitted from the planning strategy to the detriment of the project. However, this step may be omitted if the property is being generically developed to accept all types of homes from multiple manufacturers.

DETAILS OF THE PROJECT

Because the homes are two-story HUD-Code models, Fleetwood obtained a HUD Alternative Construction Letter for their production. California HCD checked and approved other features, such as foundations and garages.

The homes at Palm Vista offer many upscale features, such as fiber-cement board horizontal siding, hardwood cabinetry, 20 cubic-foot refrigerators, automatic garage door openers and front entry porches. All homes are 1,140 square feet with three bedrooms and two full baths.

The homes were produced, delivered, installed and finished in ten months, from December 2004 to September 2005. Gough held a ribbon-cutting ceremony, with many city staff and Council members attending, on September 14, 2005.

The homes are being marketed by Prudential California Realty, owned by Bruce Mulhearn, a past president of the California Association of Realtors. Prices are set at \$379,500, which includes the home and a prepaid land lease. Buyers are offered varying lease terms, but the 99-year version is proving most popular.

Three “workforce” housing homes were reserved for first-time home buyers who meet specified limited-income qualifications. These three homes have already been snapped-up. In addition to a lower price, these families are receiving purchase assistance from the city. Several other, non-subsidized, homes are currently in sale escrow.

Bellflower’s median selling price of single-family homes hit \$525,000 in November 2005, an average of \$382 per square foot. Palm Vista’s single-family homes sell for \$333 per square foot, making them affordable to many who would otherwise be forced into apartments or similar living conditions.

Bellflower’s Community Development Director Lee said, “Palm Vista is innovative because we eliminated a poorly maintained and overcrowded site in a struggling area of the city, and replaced it with a community of attractive, affordable homes. This type of development could very well provide at least a partial solution to the lack of affordable housing in California.” ■