

OTTAWA

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STAYING PUT

Mobile home residents becoming property owners under new concept

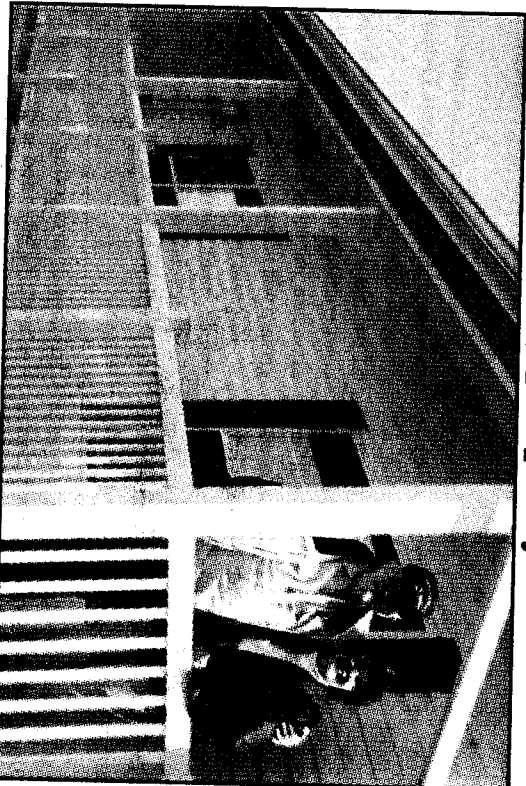
By CATHY RUNYON

David Johnson has taken some ribbing for his decision to buy the lot on which his mobile home stands in Rush Creek Estates in Blendon Township, but he figures he will have the last laugh.

"It was dirt cheap," Johnson said of his motivation to purchase the lot he had been leasing. Owners of the development offered to sell the lot, about 100-feet by 60-feet with a wooded creek in the back, for \$35,000. Johnson knew the owners were in financial trouble and he held out for a lower price. He got the lot, located in the Hudsonville school district, which includes sidewalk on a paved street, septic tank, and public water, for \$25,000.

"My friends told me, 'You're an idiot not to buy it.' I didn't want to be an idiot," he said.

Under the provision of the Michigan 1978 condominium legislation, any mobile home park may function



ADVANCE photo by BRIAN FORDE

David and Beth Johnson love their home in Rush Creek Estates in Blendon Township. Now, under provisions of the park's conversion to a condominium community, they own not only their home, but the land on which it stands.

as a condominium community and sell lots, but Rush Creek was the first in West Michigan to convert, according to industry representatives.

Deerfield Manor, in Allendale, has

also made the switch. Located at 48th Avenue and Pingree Street, the community, now called Boulder Ridge, has lots about 120-feet by 60-feet with concrete and landscaping

already in place, and negotiates a package deal with new residents to pay for the property and mobile home tear-down and set-up, according to Sean Moeller, with owners Base Camp Development in Denver.

Roger Roe, owner and associate broker for American Home Land Realty, which handles sales for both communities, said the decision to convert primarily reflects the changes in mobile home financing that have come about over the past five years.

"Right now, to finance a new mobile home and put them into a rental community is difficult to do," said Roe. "You have to have a higher credit score than you do to build a home, and interest rates are higher."

Park lot rents have risen significantly, he said, and most are over \$300 per month. The increasing cost of new mobile homes (the Johnsons paid \$60,000 for theirs) plus lot rent puts monthly payments in the range

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of site-built homes. Park lots were sitting empty.

Owning the property gives mobile home buyers an edge, Roe said.

"When they buy the land, they will also refinance the house, all in one mortgage. The monthly payment plus the condominium association fee will be less than park rent and house payment plus interest, and it's easier to find financing. Before, if they were renting property and could not make payments, the banks only had the house to go after."

As in any condominium association, common areas are owned by the homeowners association, which also is responsible for services like street maintenance. No association has yet been formed in either Boulder Ridge or Rush Creek. Usually 50 percent of the homes must be owned before the association will be formed.

Moeller said two lots have been sold in Boulder Ridge. Originally the park was to be 321 lots, according to Allendale Township Supervisor Jim Beelen. Ninety-eight were developed, and about half of those were rented. Rush Creek also has only a few lots occupied.

Homeowners already in the parks have the option to buy or lease, but new people who move in must buy their property.

The concept of lot ownership for mobile home residents is not new. It is common in Florida, and there are communities in Lansing and southeast Michigan. But does it make sense to buy land in a park and put a home on it that may not increase in value?

Johnson said for him, it makes sense. First, there's the price. His new mobile home, garage built to his specifications, and customized deck represent an investment of about \$102,000. His taxes are about \$400 a year. While some shake their head and say the home will decrease in value, Johnson says the property value will continue to increase.

More than that, it's a great place to live, especially for senior citizens. David, who is retired from the Air Force, and his wife, Beth, like the quiet community of new homes and feel their place, with the house or not, will have resale value to young people who want to be in the Hudsonville school district. They are not looking to build an investment, just to live in a place they enjoy. To buy a lot in the nearby Sunningdale subdivision and put a house on it, they

said, would have cost well over \$200,000.

Beelen said it remains to be seen whether the conversion to condominium ownership in Boulder Ridge will be a good thing.

"I don't think it's good that it was zoned as a mobile home community and it wasn't working," he said.

Park development is under the jurisdiction of the Michigan Mobile Home Commission, and usually does not require the same standards for water, sewer, and electrical services as municipalities required for site-built homes. Condominium associations sometimes ask local municipalities to take over their roads or utilities, but Beelen said the township would not take over any system not built according to township standards.

Municipalities should gain more tax revenue under the new system. Owners of rental communities pay a flat tax of \$3 per home. Owners of mobile home condominiums will still be taxed at the same rate, but other improvements like garages will be assessed at regular rates.

Roe said he believes more and more mobile home communities will make the switch, but older, fuller parks hosting single-wide homes are less likely to convert.