California's Urban Manufactured Homes

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Lessons Learned

Like others active in California's big urban markets, Alan is baffled with the turmoil that has recently swept through the market. As with other builders, Satterlee recognized the growing gap between the cost of constructing homes on-site and the value of acquiring and developing urban properties.

Jean Poole has been purchasing and renovating older properties and reselling them without building houses. This is a situation many spec infill lot developers face. But never fail to disclose that they are "Just build them," she now says, "and let the buyers satisfy themselves as to the location, neighborhood and the virtues of the homes themselves." But never fail to disclose that they are.

Alan Satterlee, a real estate broker, has the retailer license from the state in the mid-1990's. This allows him to purchase homes directly from the manufacturers. "We always try to bid on the cheaper manufactured homes available," he said. "It's the only way we can make sense out of the business." As with other builders, Satterlee recognizes the growing gap between the cost of constructing homes on-site and the value of acquiring and developing urban properties.

In today's tour, we'll see some of the homes that are increasingly being used by urban builders and developers in even the most expensive of California's urban environments. Although it may be easy to dismiss manufactured homes as a throwaway alternative, a careful study of the industry will reveal that there is a place for them in the real estate market. While some may say that manufactured homes are not regular industry members, but rather they are building contractors, Realtors, land developers, rehab specialists and other business people who saw an opportunity. When the established manufactured home industry evolved, a look back is helpful.

Los Angeles: Alan Satterlee

As with other builders, Satterlee recognizes the growing gap between the cost of constructing homes on-site and the value of acquiring and developing urban properties. When a property comes on the market through the local multiple listing events, he begins to construct the foundation and add a garage, tweaking some appearance features until he is happy with the end product. "We always try to bid on the cheaper manufactured homes available," he said. "It's the only way we can make sense out of the business." When built, the home receives a California label instead of the familiar red metal HUD label. The manufacturer can construct duplexes and triplexes on a typical two-section configuration. As with other builders, Satterlee recognizes the growing gap between the cost of constructing homes on-site and the value of acquiring and developing urban properties.

With an anticipated total cost for land acquisition and development, the homes and the site work of $600,000, he is able to sell the finished property for $1,215,000. Mr. Satterlee and his sons (his other son David is active in the business, too) were very happy with the outcome. "We always try to bid on the cheaper manufactured homes available," he said. "It's the only way we can make sense out of the business."

San Diego: Dan Lopez

In Chula Vista, a San Diego suburb, Satterlee has the luxury of a relatively large lot this time, a little over 20,000 square feet. His current project is the installation of a three-section, two-story HUD-code home on a cul-de-sac lot in southwest San Diego. "I thought I'd try to build on existing lots using another technique," he said. "But we found a way to lower the price and make it work."

In a sense, the manufactured home is almost secondary in the prioritization of the building development process. The key is to return to familiar business habits, the opportunities for manufacturers to benefit from growth in urban markets will realize the difference and treat these houses like their site-built brethren. There are many lots in urban San Diego that may be too narrow to utilize with the traditional multi-family development approach. Dan Lopez, a real estate agent for 12 years, has been in the business for 12 years selling real estate, he said, "I thought I'd try to build on existing lots using another technique." He had the home appraised recently, catching the appraiser completely off guard when, in the latter stages of the building process, he figures thought about bringing the house sections in with a helicopter," he said. "But we found a way to lower the price and make it work."

In Costa Mesa,紧临 Newport Beach, Jean Poole's spec infill house feature an attractive integral porch and a garage uses several devices that echo the home's styling. Jean Poole has been purchasing and renovating older properties and reselling them without building houses. This is a situation many spec infill lot developers face. But never fail to disclose that they are.

Photo Right: To some, Newport Beach is a funky old back alley. But never fail to disclose that they are.

Orange County: Jean Poole

"After 12 years selling real estate, I realized the profit opportunity that was possible by buying old vacant city properties," he said. "We always try to bid on the cheaper manufactured homes available," he said. "It's the only way we can make sense out of the business."

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