



About Johns Creek Capital

Started in 2020, Johns Creek Capital, LLC (the Company) is a privately held investment firm concentrating on the acquisition, development, and management of value-add mobile home park communities nationwide in an effort to maximize investor returns and mitigate risks through geographic diversity.

Underwriting: The Company utilizes a proprietary evaluation process to weigh each of our acquisition criteria (**33 Parameters**) for a targeted asset. This process yields an overall “PASS” or “FAIL” score and helps to identify assets with the greatest potential for meeting expected returns. Benefits to our approach include Objective Analysis and measurable Key Performance Indicators. With operating data gathered to date, we have been refining our underwriting model tailored to the MHP industry.


Due Diligence: We have a due diligence process and checklist specific to the MHP industry. There are **20** major items in our due diligence checklist.


Value-Add Approach: Some of our value-add approaches include cosmetic upgrades, tenant infilling, landlord infilling, and transition from park owned homes to tenant owned homes.

Proven, Experience-Based Solutions: We have developed strategies, tactics, and techniques to tackle the unique challenges specific to mobile home parks. Some of the challenges unique to the MHP space include tenant-owned homes turnover, code violation issues related to tenant-owned home conditions, and lawncare responsibilities of the common areas.




Full Cycle Example – Westview Court

 **PROJECT LEVEL RETURNS:**
IRR: 23.39%
Annualized Returns: 25.69%
Equity Multiple: 1.47x


 **LIMITED PARTNER LEVEL RETURNS:**
IRR: 19.00%
Equity Multiplier: 1.39x
Annualized Return: 20.00%
9% Cash-on-Cash during hold time, distributed monthly

 **20-LOT MOBILE HOME PARK IN URBANA, IA**

 **ACQUISITION DATE**
June 2020

 **DISPOSITION DATE**
May 2022

 **HOLD PERIOD**
22-Month

 **PURCHASE PRICE**
\$330,000

 **SALE PRICE**
\$495,000



Why Mobile Home Parks?

Demand for Affordable Housing

The demand for mobile homes rapidly grew in the 1980s when the federal government cut funding for affordable housing. Currently, the national average monthly lot rents and housing contract for a mobile home is approximately \$280 and \$600, respectively, as compared to roughly \$1,100 for a 3-bedroom home or apartment. Therefore, mobile homes offer the greatest opportunity for unsubsidized affordable housing. In fact, the US Census Bureau reports that one in eighteen Americans currently live in a mobile home.

A study entitled “The Gap: A Shortage of Affordable Homes 2019” published by the National Low-Income Housing Coalition (NLIHC) reported a shortage of seven million available and affordable rental homes for America’s extremely low-income renters. Nearly half of these extremely low-income renters are seniors or households with a disability. It’s interesting to note that the numbers are no different today.

A recent Habitat for Humanity report states that nearly 38 million households are paying more than 30% of their income on housing. Of the population who rents, Habitat for Humanity discovered that 47.4% of renters often face difficulty in finding affordable housing. The high barriers to entry for home ownership and rising student debt, coupled with increases in rent over 3% annually, have increased the demand for affordable housing across the nation. Add to this the number of Baby Boomers retiring daily on fixed incomes, and the demand for affordable housing will continue to increase in the foreseeable future. Mobile home parks provide lower income individuals and families as well as retirees the opportunity to afford housing and become homeowners.

Restricted Limited Supply

Due to a restricted and limited supply, mobile home parks have less volatility in rents and reduced competition. Strict zoning laws make them nearly impossible to build, so there is essentially no new supply of mobile home communities. Comparatively, more than 300,000 new apartment units were built last year, creating increased competition for existing apartment owners.

Attractive Capitalization (CAP) Rates and Financing Options

The demand for affordable housing as well as the clear and consistent returns from mobile home communities makes this niche market very favorable. Mobile home communities have some of the highest CAP rates of any real estate investment, often in the range of 7-10% or higher nationally.



Why Mobile Home Parks?

Historically, mobile home park owners also have the lowest loan default rates compared to any other asset class. This is due in part to the stability of these communities and their long-term tenants.

Stability of the Tenant (Low Turnover)

Tenant turnover is a major expense for both multifamily and single-family investors. The cleaning, vacancy, and advertising expenses associated with tenant turnover can quickly cost investors thousands of dollars each year. However, most mobile home park tenants own their own mobile home; these owners simply lease the land from the park owner. Tenant turnover rates are roughly 1 in 50 compared to 1 in 5 for apartment renters.

In addition, the cost to move a mobile home is in the range of \$3,000 to over \$5,000. Compare these high relocation costs to a security deposit in a more traditional rental unit and it is no wonder why tenants in a mobile home park often stay for years.

Low Cost per Unit

There is a high cost per unit in traditional investments in large multifamily properties and single-family homes; recall the demand for affordable housing? However, Johns Creek Capital seeks to own the lots i.e., the land, not the individual mobile homes in our communities. Therefore, the cost to acquire the same number of rental units in a mobile home park is significantly less expensive when compared to other multifamily properties.

Forecast

According to the research and advisory firm Green Street Advisors, the manufactured home sector is the only major real estate asset class that has not experienced a year-over-year decline in net operating income in any year since 2000. Even with the onset of COVID, less than 15% of our tenant base was affected; primary due to a large percentage being classified as essential workers. This stability is one of the mobile home park investment attributes anticipated to continue throughout the next several years.



Investment Overview – Typical Structure

EQUITY INVESTMENT		
Total Equity		100.0%
FEES		
Acquisition Fee: 3%-5% depending on deal size Monthly Asset Management Fee: 2% Capital Transaction (Refinance/Disposition) Fee: 1%		
SCHEDULE OF DISTRIBUTIONS TO INVESTORS		
<ul style="list-style-type: none">• First: 100% to Investors until an 8% Preferred Return is achieved• Second: After an 8% Preferred Return is achieved, then 70% to Investors and 30% to Sponsor• Third: After a 12% return is achieved, then 60% to Investors and 40% to Sponsor• Fourth: After a 16% return is achieved, then 50% to Investors and 50% to Sponsor		



Business Strategy

The Business Strategy is anticipated to follow a proven system developed at Johns Creek Capital and is divided into three phases or periods. Each period has specific goals and objectives and although there are many unforeseen circumstances which may occur, most of our parks under management have seen success when these attributes are followed.

1. The Stabilization Period

Soon after acquisition, we communicate with the existing tenant base to establish our expectations regarding rent payments, park rules and regulations, upcoming rent increases, and park improvements. During the Stabilization Period, costs typically increase, and distributions are minimal as deferred maintenance issues are addressed and cosmetic value-add improvements are made.

In addition, several front-end costs are incurred such as insurance down payments, finance and accounting setup and legal fees, as well as the costs associated with various registrations and permit applications.

Depreciation schedules and cost indexes are also established during this time and the tenant base is often brought back into alignment with our rental process. Although we focus on parks that are cash flow positive day one, the implementation of these systems and processes are anticipated to last six to 12 months yielding increased profitability as we move to the next period of ownership.

2. The Maximization Period

During this period, the rent structure approaches market conditions and smaller less expensive value-add activities take place as cash flow allows.

The Maximization Period is expected to last an additional 12 months leaving three to five years which constitutes the Optimization Period.



Business Strategy

3. The Optimization Period

The Optimization Period is designed around a focus on creating strategic value. To be effective, strategies need to account for market uncertainties and regulatory fluctuations. Changes in the mobile home park industry, as well as regional and local housing trends in the area will be reviewed to develop more refined market insights during the remaining years of ownership. In addition, as the park moves through the Optimization Period, an analysis of the investment in terms of tax consequences are given greater scrutiny. Is the community a good candidate for refinancing, a like-kind exchange, or a sale? The management team also looks at various ways of driving additional growth, thereby optimizing both the community's value and investor returns.



Why Us?

We are the only private equity firm operating at our scale that specializes exclusively in small mobile home parks. Our portfolio spans 25 parks across 15 states, housing 254 tenants.

We've mastered the unique financial models of small parks, which differ significantly from those of larger ones. Our strategy focuses on minimizing costs and investment size, managing risks, and maximizing ROI. With smaller investments, the ROI potential is even greater.

With over 40 years of combined business experience between our founders, and our Strategies honed through proven results, we dominate the small MHP niche market, securing deals that smaller operators simply cannot match. While these small operators struggle to compete, institutional funds largely overlook this sector, as our park sizes fall below their thresholds. This positions us perfectly to achieve a near-monopoly.

Our expertise in property management, operations, and value-add strategies has been key to our success. JCC has successfully navigated significant challenges, including COVID-19, record-high interest rates, and Hurricane Helene. Unlike smaller operators, our systematic approach links small mobile home parks to capital markets, positioning JCC to lead the market with a competitive edge.

Low investment costs mean limited risk, while the upside is substantial. Additionally, small parks offer significant growth potential through expansion into larger operations.



Creative Financing Examples

OH Park

- Sales Price: \$170,511
- Seller financing with just over 30% down, 3% interest, 30-year amortization, 10-year balloon

FL Park

- Sales Price: \$265,000
- Seller financing with \$125,000 down, 5% interest, 30-year amortization, 5-year balloon



Johns Creek Capital



Charlotte is a graduate of The Georgia Institute of Technology where she earned her B.S. in Business with a focus on business analytics and technology.

Charlotte, along with her business partner, sponsors of 25 value-add and development mobile home parks. Charlotte is a Certified Associate in Project Management and speaks fluent Mandarin. In her spare time, Charlotte enjoys playing the piano.

*"Whenever you see a successful business, someone once made a courageous decision."
-Peter F. Drucker*

Charlotte Dunford

Managing Partner



Johns Creek Capital



Following an engineering degree from SUNY Buffalo, Rick became the Director of Operations for a large international engineering firm with several managerial responsibilities. Subsequently, Rick established a consultancy with annual revenues of \$1MM.

Rick's exceptional analytical training and experience advanced him into real estate as an asset manager for several companies. With over 20 years in the acquisition, development and management of various real estate asset classes, Rick's focus is on mobile home parks. He has structured, organized and sold several entities with interests in joint ventures, partnerships and real estate funds. He is also familiar with SEC regulations, contract law and asset protection and likes to say that his job is "Fixing Broken Assets."

*"If you think you can or think you can't, you're right."
-Henry Ford*

Rick A. Klopp

Managing Partner



What's Ahead

In 2025, Johns Creek Capital intends to establish various real estate funds to acquire existing and future deals which will further diversify an investor's portfolio, mitigate investment risks, and facilitate the acquisition of medium sized parks to increase investors' equity value.