



Pittsburgh, PA  
MSA

## PENNSYLVANIA MHC

3 STARS | 50 +/- SITES | #03386179 | 01/22/25



**\$2,200,000**

LIST PRICE

Skip to NDA 



*Harrison was so very helpful from the start of our experience to sell... We were very impressed with his manner of communication... and for his ability and willingness to answer all questions we had in the process... So much was involved with our prospective sale but Harrison was very capable... We recommend Harrison to anyone.*

William & Sandra - Owners

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# Thank you for your consideration



**HARRISON BELL**  
Director - Mid-Atlantic

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# Property Discussion

## Pennsylvania MHC

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The subject property is a well-located mobile home community in the Greater Pittsburgh MSA. The community consists of predominantly tenant owned homes (~95%) and is connected to public utilities. The current utility expense is larger than normal for a community of this size, but we are not pricing in a major reduction to this expense rather we are leaving this as upside for the buyer to benefit from. The property has stable occupancy in the mid-80% and the owner has had success in moving rents to \$625 upon turnover, which marks 15%+ in rent room relative to the current average rent.

The owners have recently completed significant CapEx to the property in the form of tree removal and utility repairs while also leaving some value-add opportunities for the buyer. Market occupancy is 95%+ and market rents are at least 10% higher than the current move-in rate to name a few. This is the only community in the Pittsburgh area in the seller's portfolio, which is their primary reason for selling. This property is a great opportunity for regional buyers with a presence in Eastern OH or Western PA.

The Pittsburgh market stands to see positive impacts from the most recent election due to its role in the production of natural gas and steel. The expected lifting of the natural gas pipeline moratorium should bring steady demand for affordable housing in the area as more than 15% of the state's natural gas is produced in nearby Washington County. As such, we see the infill opportunity and rent growth at this property to be viable.



# Property Highlights

- Located in a Top 30 MSA in the US

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- City Utilities – Upside in Submetering

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- Stable Occupancy – Light Infill Opportunity

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- \$125k in CapEx Completed in Last 12 Months

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- 95% Tenant Owned Homes

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# Property Overview

## PURCHASE OVERVIEW

 <b>LIST PRICE</b>	<b>\$2,200,000</b>
Home Inventory Price	\$40,000
<b>Community Price</b>	<b>\$2,160,000</b>
Down Payment	\$985,000
Loan Amount	\$1,175,000

## PROPERTY DETAILS

Property Type	MHC
Number of Sites	50 +/- Sites
Purchase Price Per Site	\$36,000 - \$54,000
Income Per Site	\$4,850 - \$7,300
Expenses Per Site	(\$2,600 - \$3,900)
Flood Zone	None
Acreage	10 +/- Acres

## UTILITY INFORMATION

Utility Service	Provider	Meter	Paid By
Water	Municipal	None	Community
Sewer	Municipal	None	Community
Trash	Curbside	None	Tenant

## PROPERTY AMENITIES



Paved Roads



Off-Street Parking



# Transaction Overview

## UNDERWRITING ASSUMPTIONS

Rental Rate Growth	5% Per Year
Lease Up	3 Sites in Yr 1, 3 sites in Yr 2
Other Income Growth Rate	5% Per Year
Expense Growth Rate	3% Per Year

## LOAN OVERVIEW

Total Equity Contribution	\$1,025,000
<b>Loan Amount</b>	<b>\$1,175,000</b>
Loan to Value	54%
Interest Rate	6.50%
Amortization	30 Years
Interest Only Period	2 Years
Loan Term	5 Years
Interest Only Payment	\$6,365
Amortization Payment	\$7,427
Financing Type	Agency

## FINANCIAL MEASUREMENTS

	YEAR 1	YEAR 3	YEAR 5
<b>Effective Gross Income</b>	<b>291,565</b>	<b>372,684</b>	<b>410,248</b>
Less: Operating Expenses	(155,798)	(185,428)	(197,549)
Operating Expenses Ratio	53.4%	49.8%	48.2%
<b>Net Operating Income</b>	<b>135,767</b>	<b>187,256</b>	<b>212,699</b>
Less: Annual Debt Service	(76,375)	(89,122)	(89,122)
Debt Coverage Ratio	1.78	2.10	2.39
<b>Net Cash Flow</b>	<b>59,392</b>	<b>98,135</b>	<b>123,577</b>
Cap. Rate on Cost*	6.29%	8.67%	9.85%
Exit Cap. Rate Assumption	7.00%	7.00%	7.00%
Economic Occupancy %	85.8%	100.0%	100.0%
Gross Rent Multiplier	7.4	7.2	7.4
<b>Cash on Cash Return*</b>	<b>6.0%</b>	<b>10.0%</b>	<b>12.5%</b>
<b>Internal Rate of Return (IRR)*</b>	<b>N/A</b>	<b>20.3%</b>	<b>20.3%</b>

\*Return calculation is based only on the Community Price



# Property Photos

STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



# Property Photos

STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



STREET VIEW



# Pro Forma Growth Assumptions

## Start Date & Hold Period

- **Pro Forma Start Date:** 6/1/2024
- **Projected Hold Period:** 5+ Years

## Rental Revenue Growth

	Year 1	Year 2	Year 3	Year 4	Year 5
Rent Increase Schedule	5.0%	5.0%	5.0%	5.0%	5.0%

## Lease Up & Lease Up OpEX

- **Lease Up Schedule:** 3 sites leased in year 1 and 3 sites leased in year 2.
- **Lease Up Operational Expense:** Budgeted at 15.0% of Lease Up Revenue.

## Turnover & Collections Factor

- Budgeted at T12's Bad Debt expense. Reduced to \$0 by Y3.

## Global Other Income Growth

- Global other income growth of 5% per year

## Global Expense Growth

- Global expense growth of 3% per year

## Real Estate Taxes

- **Tax Reassessment Value:** We estimate the taxable value could potentially increase by 75% after sale
- **Tax Reassessment Liability:** We estimate taxes will increase by ~\$11k in year 2 of ownership.

## Disposition Assumptions

- **Exit Capitalization Rate:** 7.00%
- **Selling Expenses:** 3.00%

## PROPOSED FINANCING OVERVIEW

Interest Rate	Loan Amount	Amortization	Interest Only Period	Loan Term	Financing Type
6.50%	\$1,175,000	30 Years	2 Years	5 Years	Agency



# 5 Year Pro Forma

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>INCOME</b>					
Potential Rental Income	323,100	338,328	354,684	371,604	389,652
Rent Increase Income	13,284	14,268	14,760	15,744	16,236
Lease Up	11,736	36,774	51,192	53,496	55,872
Less: Turnover & Collections Factor	(11,815)	(6,694)			
Less: Vacancy	(45,000)	(46,944)	(49,032)	(51,192)	(53,496)
Less: Inventory Premium	(7,740)	(7,740)	(7,740)	(7,740)	(7,740)
Other Income	8,000	8,400	8,820	9,261	9,724
<b>Effective Gross Income</b>	<b>291,565</b>	<b>336,392</b>	<b>372,684</b>	<b>391,173</b>	<b>410,248</b>
<b>EXPENSES</b>					
Advertising	2,500	2,575	2,652	2,732	2,814
Cable, Phone, Internet	450	464	477	492	506
Electric	375	386	398	410	422
General & Administrative	2,925	3,013	3,103	3,196	3,292
Insurance	4,700	4,841	4,986	5,136	5,290
Licenses & Permits	1,100	1,133	1,167	1,202	1,238
Meals, Travel, & Entertainment	1,000	1,030	1,061	1,093	1,126
Off-Site Management Fees @ 4.0%	11,663	13,456	14,907	15,647	16,410
Payroll Expense	35,000	36,050	37,132	38,245	39,393
Professional Fees	3,000	3,090	3,183	3,278	3,377
Real Estate Taxes	14,775	15,218	15,674	16,145	16,629
Real Estate Taxes Reassessment		11,453	11,796	12,150	12,514
Repairs & Maintenance	11,675	12,025	12,386	12,758	13,140
Replacement Reserves	4,700	4,841	4,986	5,136	5,290
Trash	1,200	1,236	1,273	1,311	1,351
Utilities	475	489	504	519	535
Water & Sewer	58,500	60,255	62,063	63,925	65,842
Lease Up Operational Expense	1,760	5,516	7,679	8,024	8,381
<b>Total Expenses</b>	<b>155,798</b>	<b>177,070</b>	<b>185,428</b>	<b>191,398</b>	<b>197,549</b>
<b>Net Operating Income</b>	<b>135,767</b>	<b>159,322</b>	<b>187,256</b>	<b>199,775</b>	<b>212,699</b>
<b>Less: Annual Debt Service</b>	<b>(76,375)</b>	<b>(76,375)</b>	<b>(89,122)</b>	<b>(89,122)</b>	<b>(89,122)</b>
<b>Net Cash Flow</b>	<b>59,392</b>	<b>82,947</b>	<b>98,135</b>	<b>110,653</b>	<b>123,577</b>



# Cash Flow Analysis

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>RENTAL ACTIVITY ANALYSIS</b>					
Effective Rental Income	283,565	327,992	363,864	381,912	400,524
Other Income	8,000	8,400	8,820	9,261	9,724
<b>Effective Gross Income</b>	<b>291,565</b>	<b>336,392</b>	<b>372,684</b>	<b>391,173</b>	<b>410,248</b>
Less: Operating Expenses	(155,798)	(177,070)	(185,428)	(191,398)	(197,549)
OPERATING EXPENSES RATIO	53.4%	52.6%	49.8%	48.9%	48.2%
<b>Net Operating Income</b>	<b>135,767</b>	<b>159,322</b>	<b>187,256</b>	<b>199,775</b>	<b>212,699</b>
Less: Annual Debt Service	(76,375)	(76,375)	(89,122)	(89,122)	(89,122)
<b>Net Cash Flow</b>	<b>59,392</b>	<b>82,947</b>	<b>98,135</b>	<b>110,653</b>	<b>123,577</b>
<b>PROPERTY RESALE ANALYSIS</b>					
Projected Sales Price	1,939,531	2,276,030	2,675,093	2,853,930	3,038,556
Less: Selling Expenses	(58,186)	(68,281)	(80,253)	(85,618)	(91,157)
Less: Loan Balance	(1,175,000)	(1,175,000)	(1,161,867)	(1,147,854)	(1,132,903)
<b>Net Sale Proceeds</b>	<b>706,345</b>	<b>1,032,749</b>	<b>1,432,973</b>	<b>1,620,458</b>	<b>1,814,497</b>
<b>CASH SUMMARY</b>					
Net Cash Flow	59,392	82,947	98,135	110,653	123,577
Previous Years Net Cash Flow		59,392	142,339	240,474	351,128
Net Sale Proceeds	706,345	1,032,749	1,432,973	1,620,458	1,814,497
Down Payment	(985,000)	(985,000)	(985,000)	(985,000)	(985,000)
<b>Total Cash Generated</b>	<b>(219,263)</b>	<b>190,088</b>	<b>688,447</b>	<b>986,585</b>	<b>1,304,202</b>
<b>FINANCIAL MEASUREMENTS</b>					
Cap. Rate on Cost*	6.3%	7.4%	8.7%	9.2%	9.8%
Exit Cap. Rate Assumption	7.0%	7.0%	7.0%	7.0%	7.0%
Loan Constant	6.5%	6.5%	7.6%	7.6%	7.6%
Debt Coverage Ratio	1.78	2.09	2.10	2.24	2.39
Loan to Value Ratio*	61%	52%	43%	40%	37%
Gross Income Multiplier	7.4	6.8	7.2	7.3	7.4
<b>Cash on Cash Return*</b>	<b>6.0%</b>	<b>8.4%</b>	<b>10.0%</b>	<b>11.2%</b>	<b>12.5%</b>
<b>Internal Rate of Return (IRR)*</b>	<b>N/A</b>	<b>9.5%</b>	<b>20.3%</b>	<b>20.5%</b>	<b>20.3%</b>

\*Return calculation is based only on the Community Price





*Being in the manufactured housing sales and community business for more than 40 years was no substitute for the many benefits we received from Yale. I spoke with many other brokerage firms before Yale, but was initially impressed with your positive energy and then later with your performance.*

Dale Y. - Owner

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TOTAL  
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TOTAL  
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- Up to 80% LTC
- Non-Recourse

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- Up to 80% LTC
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## Regarding Property: Offering #03386179 50 +/- Site MHC in Pittsburgh, PA MSA

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1. (a) That any confidential or proprietary information (the “Confidential Information”) of the potential selling party (the “Seller”) provided is sensitive and confidential, and that its disclosure to others may be damaging to the Seller. I agree that upon the earlier of: (i) two (2) years from the date of this Agreement and (ii) the request of Broker, Yale or Seller, any Confidential Information furnished to me shall be either returned or destroyed, and I shall certify to such destruction.

(b) Not to disclose, for a period of two (2) years from the date I sign this Agreement, any Confidential Information regarding the Potential Transaction to any other person who has not also signed this Agreement or a joinder thereto, except to the extent necessary to secure the advice and recommendations of my employees, officers, directors, members, managers, advisors, attorneys, accounts or financing sources (collectively, the “Representatives”) regarding the Potential Transaction. “Confidential Information,” as used in this Agreement, shall include the fact that the Potential Transaction is for sale or open to offers, and any other data provided. My Representatives shall abide by the terms of this Agreement, and I agree to be liable for any breach of the provisions of this Agreement by any of my Representatives.

(c) Not to contact the Seller or its Representatives, suppliers or customers except through the Broker. I shall present all correspondence, inquiries, offers to purchase and negotiations relating to the Potential Transaction directly to the Broker, and all such negotiations shall be conducted exclusively through the Broker. At such a time as a LOI or PSA is reached regarding the Potential Transaction, I agree to copy the Broker on all communication and negotiations related to the Potential Transaction.

2. That all information regarding the Potential Transaction is provided by the Seller or other sources and is not verified by the Broker or Yale. The Broker and Yale have done their best to ensure the accuracy of said information, but the Broker and Yale make no, representation or warranty, express or implied, as to the accuracy of such information. I agree that the Broker and Yale are not responsible for the accuracy of any other information I receive, and I agree to indemnify and hold the Broker, Yale, and each of their Representatives harmless from any claims or damages which may occur by reason of the inaccuracy or incompleteness of any information provided to me with respect to any Potential Transaction.

I acknowledge that I have received an exact copy of this Agreement and that I have read this Agreement carefully and fully understand it.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Email

\_\_\_\_\_  
Company

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Phone

Sign, date, and send back to Broker: HARRISON BELL | FAX 941-827-7977 | [Harrison@yaleadvisors.com](mailto:Harrison@yaleadvisors.com) | TEL. 985-373-3472

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