

CHULA VISTA, CALIFORNIA

APRIL 6, 2007

**DISTRESS SALE FOR 258 SITES ON 12 YEAR LEASEHOLD**



The sale of the Brentwood Mobile Home Park located at 1100 Industrial Boulevard in Chula Vista, CA closed on April 6, 2007 for \$3,950,000. John Grant of Park Brokerage Inc. represented both parties in the sale.

The all ages, three star community was built in 1957-1959 and has 258 sites on 26.56 acres. Almost all the sites can accommodate doublewide homes and the community currently contains 132 singlewides, 107 doublewides, and a 19 sites RV section. There were no vacancies at time of sale except for in the RV section. Amenities include a clubhouse, swimming pool, spa, and three laundry rooms. The park is serviced by city water and sewer utilities and 50 amp electrical service.

The below market site rents were \$415-\$675 with an average of \$510 plus submetered gas, electric, water, and sewer, and flat rate trash \$10.00 and patrol \$1.50. The site rents are subject to the City of Chula Vista rent control ordinance that limits annual rent increases to 100% of the first 3% then 75% of any cpi increase in excess of 3%. The ordinance has full vacancy decontrol.

The property is on a 12 years land lease that expires January, 2019. The lease payment is \$250,000 per year and does not increase for the remainder of the lease term.

The property sold with violations from the City of Chula Vista that were accruing civil penalties to the Seller. The buyer agreed to correct the violations and put in a new fire hydrant system during escrow, and to replace most of the electrical system and complete asphalt street improvements after the close of escrow. The approximate improvement costs were \$1.2 Million.

The buyer paid cash to new financing of \$3,800,000. Adding the \$1.2 Million in improvement costs to the \$3.95 Million price, the capitalization rate was 14.3%. The property was in fair condition at time of sale.

John Grant commented, "The property was sold as a distress sale as the seller did not have the \$1.2 million to make the improvements required by the City of Chula Vista. The City had given her notice of violations for years, were accruing civil penalties, and the City was close to getting a receiver in place to take over the property. The rents were low plus the buyer should be able to pass thru the improvement costs. The buyer purchased a 12 year annuity with a great return and will try to obtain an extension of the land lease or straight purchase".

John Grant sells and finances manufactured housing communities and RV parks exclusively throughout the states of California, Arizona, and Nevada. He has sold 133 manufactured housing communities and RV parks in the last 20 years and financed over 100. John can be reached at 800-987-3363.

Market time: Two Weeks, Escrow length: 3½ Months,  
Assignment of Lease Document Recording # 2007-0234710