

UNIVERSITY OF MISSOURI-COLUMBIA

Missouri Local Government Administrative Guide Series

Taxation of Manufactured Homes



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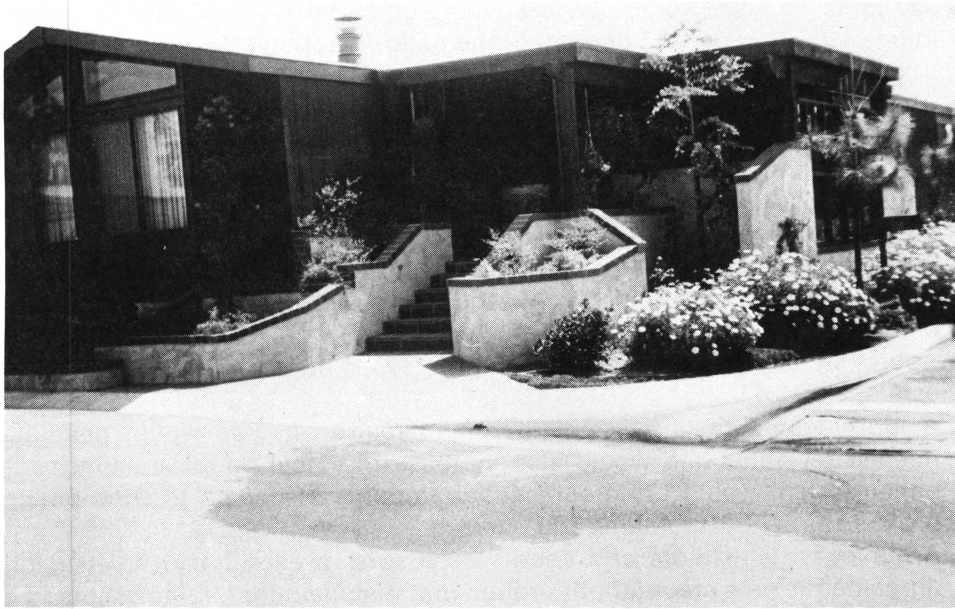
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My special gratitude is extended to the many state legislators and county assessors, who graciously found the time to answer my survey.

Henry Galetschky
State Planning Specialist



“MANUFACTURED HOMES” like this \$80,000 model, near Los Angeles, California, are permanent residences. They’re far from the \$5,000 “mobile homes” that set taxing and assessment patterns in the 1940’s.

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Summary and Findings

- Jay Janis, chairman of the Federal Home Loan Bank Board (FHLBB) stated in late 1979 that only 15 percent of the nation's adult population can afford to buy a site-built house.
- About 325,000 or nearly 7 percent of the people in Missouri live in 130,000 manufactured homes as of 1980.
- In 1970 manufactured homes represented 9 percent or more of the total housing stock in just 10 Missouri counties. Today, at least 9 percent of the housing in 83 counties is manufactured homes.
- In 1970 manufactured homes represented less than 4 percent of all housing units (excluding St. Louis) in Missouri, by 1980 this percentage has increased to 9 percent.
- Approximately 18 percent of all manufactured homes are treated as real estate.
- A more equitable tax system for manufactured homes would generate needed revenues and would also increase the local bonding capacity. A better system would bring substantial amounts of dollars to such public projects as schools, utilities and parks.
- A survey of legislators and county assessors reveals that overwhelming agreement exists among both groups that manufactured homes should be assessed as real estate.
- Of 20 comments made by nearly 200 legislators, five expressed positive feelings toward manufactured homes, five negative, five admitted they are unfamiliar with them and five indicated a need for change in our zoning laws and a need "for finding alternatives for the property tax system of taxation."
- The method to be used for the manufactured home valuation should be based on an appreciation schedule that increases at a rate based on the true market value.

Preface

The State of Missouri and the rest of the nation have experienced an economic downturn which virtually culminated in a collapse of the conventional housing industry during 1979 and 1980. At the local level, the shock was felt in the form of diminishing returns of tax revenue and an ever widening housing shortage.

Numerous studies have recommended ways to overcome the price barrier for young people and for other age groups unable to raise the money necessary to buy a home.

One of those alternatives in the under \$60,000 range of home prices in today's market is the manufactured home. However, many obstacles still have to be overcome to make this futuristic home readily acceptable at the local level. One of them is the inequality in assessing and taxing manufactured homes, not only in Missouri, but also in most of the other states.

This study probes the assessment and taxation question. Perhaps, it may serve as a working document for legislators and officials of other political subdivisions concerning manufactured homes, assessment, and taxation.

During 1980, researchers conducted mail surveys and spot visits to various counties. They contacted nearly 200 state legislators and 114 county assessors. Forty-eight percent of the legislators and 87 percent of the county assessors responded. The results of the survey are presented later.

Based on those results, this study offers suggestions advanced in the hope they may lead to further discussions and, perhaps more importantly, to further consideration of a more equitable and workable policy toward manufactured home assessment and taxation.

Missouri Overview 1970 - 1980

About 325,000 persons, or nearly 7 percent of the population in Missouri live in 130,000 manufactured homes. The table below shows the growing number of manufactured homes in Missouri from 1950 to 1980.

Year	No. of Manufactured Homes	Percent Change
1950	5,444	—
1960	16,613	205
1970	50,878	206
1973*	75,000	47
1976**	115,000	53
1980**	130,000	13

Source: U.S. Census of Housing, 1950-1970.

*Estimates based on field study, 1973, by GAP.

**Estimates based on continued annual up-dating.

The distribution of manufactured homes by county is presented in Appendix A.*

But this is not all. Quite some dramatic changes occurred between 1970 and 1980. In 1970 manufactured homes represented at least 9 percent of the total housing stock in only 10 counties. (See Plate 1.) Now at least 9 percent of the total housing of 83 counties is comprised of manufactured homes. (See Plate 2.) In 1970 manufactured homes represented less than 4 percent of all housing units (excluding St. Louis) in Missouri. Today the percentage has more than doubled, reaching 9 percent.

The Problems of Taxing Manufactured Homes

For tax purposes the majority of manufactured homes are treated as personal property under the Motor Vehicle Section 301.010 RSMo. There, the manufactured home is defined as a "trailer" which is "any vehicle without motive power designed for carrying property or passengers on its own structure and for being drawn by self-propelled vehi-

**All figures and calculations are presented with great humility, for 1980 is a Census year; and the subsequent census figures which will be published in 1981 may prove the statistics in this study either under or over-estimated. Nevertheless, great diligence was observed in developing the figures in this study, and for our purpose they should suffice.*

cle . . ." This law dates back to the 1940's. Consequently, the manufactured home is to be taxed as personal property according to Sec. 137.075, RSMo.

A more recent law, enacted in 1974, Section 700.110.1 permits a manufactured home to be treated as real estate provided the home is attached to a permanent foundation.

Now a look back to see how our present taxing system developed. In the forties, the "trailer," rightfully so called, was hitched-up to a car or truck and was easily movable. It measured roughly 8' X 12' and served mainly as a recreational vehicle or as a temporary home for itinerants. Considering the price of the vehicle, the old method of assessment and taxation was reasonable. More importantly, the trailer was never designed and built for permanent occupancy.

Jim Malnight, manager of the Marketing Information Center for Foremost Insurance Company one of the nation's largest insurers of manufactured homes, observed:

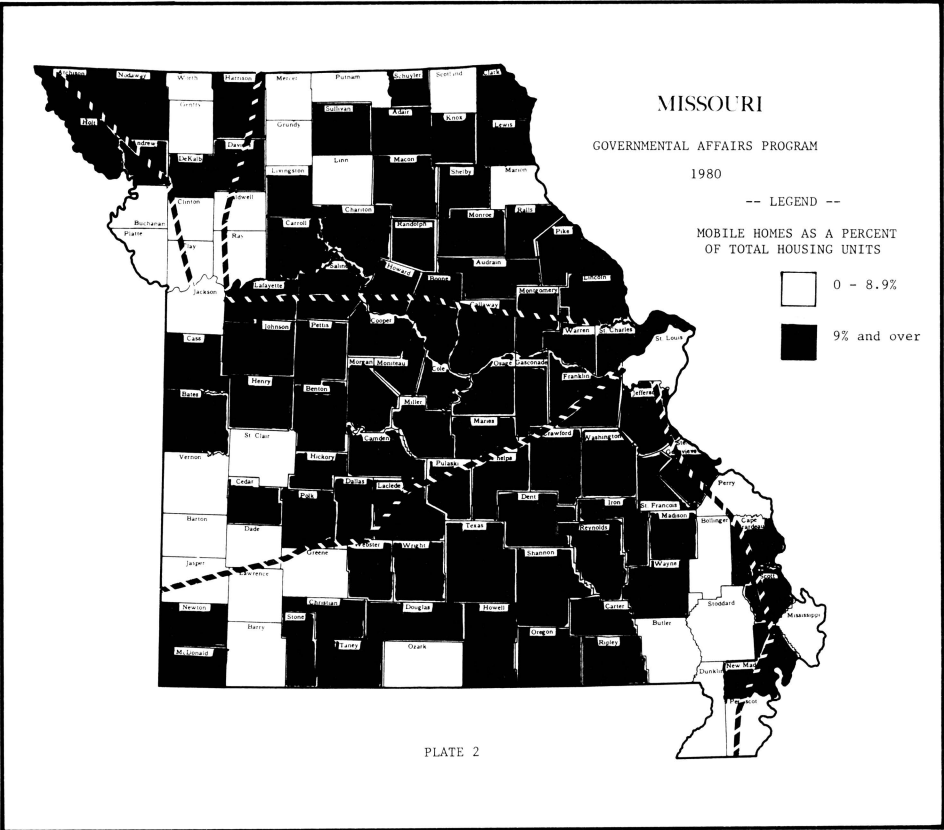
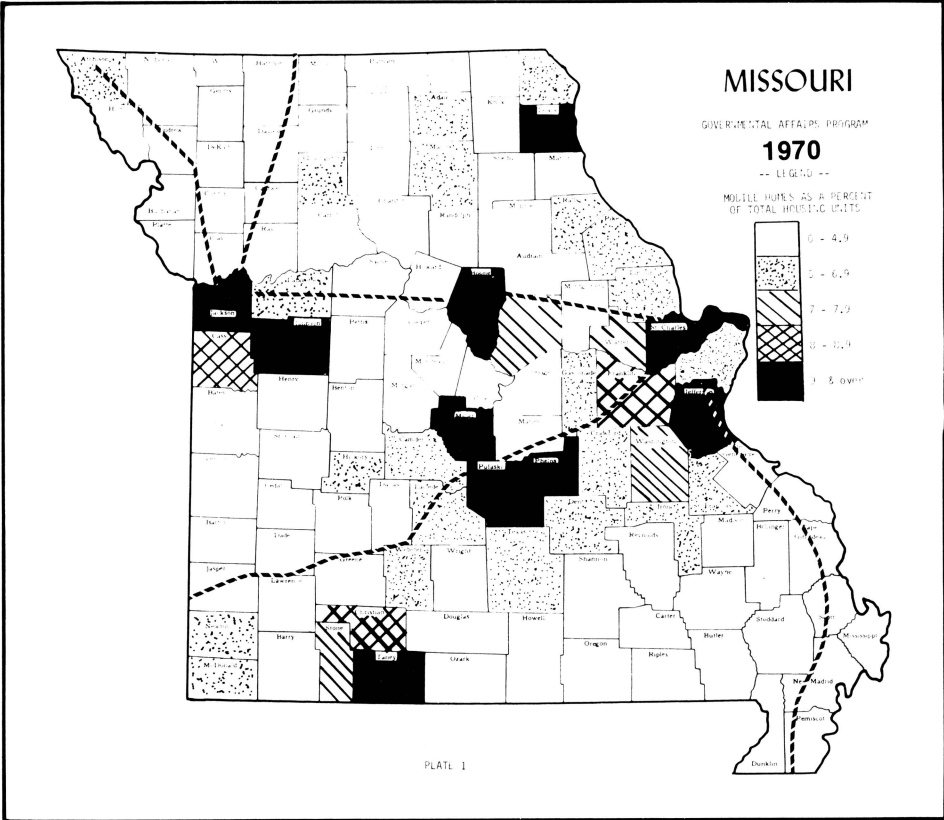
Looking at MH values and shipment levels since 1960 to find out why mobile homes have depreciated in the past shows that for the entire period of 1960 through 1971 the average value of new homes shipped increased by only approximately \$1,500.

During the same 1960-1971 period, there were almost 3,000,000 homes shipped. This means that 54% of all the homes shipped since 1960 were at prices that were for the most part level.

Then, greater mobility and pressure for inexpensive housing brought about a change. The old trailer became a "mobile home" in various sizes, shapes and designs. From an 8'-wide vehicle it stretched to 10'-, then 12'-, 14'-and even 16'-wide homes with between 800 to 1,200 square feet or more of living space. But the price went up accordingly: from a few thousand dollars 20 years ago to \$20,000 and over in 1980. Yet these homes are still taxed as automobiles!

What about the consequences? Based on prevailing practices and laws in Missouri a manufactured home's value first is established from the "Blue Book of Mobile Homes" (please, note the analogy of the "Blue Book for Automobiles") and then assessed according to the Missouri Mobile Home Assessment Schedule.

Now, let us go one step further. According to the Missouri Assessment Schedule: "It is recommended that the depreciated value at the end of ten years be used as total depreciated value for Mobile Homes used as residences, unless the assessor feels additional depreciation be allowed on individual units having extreme wear and tear." This rather arbitrary formula, used for manufactured home valuation, is a depreciating scale that declines



at a fixed rate, which, in turn, is independent of true market values.

By following the assessment schedule, political subdivisions lose much needed revenues. On the other hand, low-income families benefit under the present system. For example, in 1970 the U. S. Census reported 50,878 manufactured homes in Missouri. Assuming an average value of between \$7,000 and \$10,000 per home, our political subdivisions lost approximately \$10 million by following the 10-year depreciation scale. A more refined calculation probably would show this figure to be conservative.

For example, in 1980 approximately 6,900 manufactured homes are located in Boone County, including the City of Columbia. Assuming an average value per home of \$10,000, the total market value would be \$69 million. Assessing at 33.3 percent of market value would give us an assessed valuation of \$22,977,000. The revenue generated at \$7 per \$100 of assessed valuation would be \$1,608,390.

We can depreciate the \$23 million several ways. Here are two of them: If we follow the straight-line method, after 10 years, the revenue in 1990 would be zero. But if we follow the Missouri Assessment Schedule and depreciate 10 percent annually, we still have about \$8 million in assessed valuation by 1990, yielding \$560,000 in revenues, assuming constant conditions.

The point is either method can be used, so our arbitrary tax structure costs us much needed revenues. For a better understanding of the taxing

structure of manufactured homes versus conventional homes see Table 1.

To complete the discussion, let us look at the other alternatives—the manufactured home treated as real estate.

Following Section 700.110.1 RSMo; we can change a manufactured home to real estate. The law says: (t)he owner of a mobile home may convert his mobile home to real estate by:

- (1) Attaching his mobile home to a permanent foundation*; and
- (2) the destruction or modification of the vehicular frame rendering it impractical to recon-vert the real property thus created to a mobile home . . .

For now, we're only going to consider the real-estate definition for a manufactured home. For one thing, treating the manufactured home as real estate seems the only equitable way of taxing. Besides the discrepancies in how manufactured homes are depreciated for assessment and taxation, we need to consider whether *today's* manufactured home should be depreciated at all. Remember, depreciation is supposed to reflect the market value of the home as it does with the automobile. With cars, that depreciation supposedly reflects the effects of physical deterioration, as well as functional and economic obsolescence.

**To the writer's best knowledge nobody has ever defined what constitutes a permanent foundation. Therefore, it is suggested that such a definition include reference to a concrete slab or equivalent, similar to a foundation of a conventional home without a basement.*

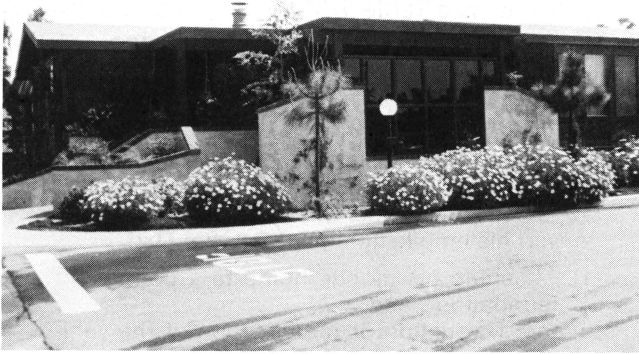
Table 1

Taxation Comparison Missouri

Tax Variable	Manufactured Home*	Conventional Homes**
Type of Tax	Ad valorem (33.3% of market value) Personal Property	Ad valorem; secured real property
Valuation	Depreciation Schedule based on "Blue Book of Mobile Homes" for determining value	Assessed value based on market value
Tax Rate	Set by local authority	Set by local authority.
Registration/Title	Dept. of Revenue - Motor Vehicle Division	Title recorded with County Recorder
License Fee	Municipalities are authorized to collect license fees annually.	None
Sales Tax	Paid on <i>full</i> sales price.	Paid by builder on material only.

**For details refer to Appendix B.*

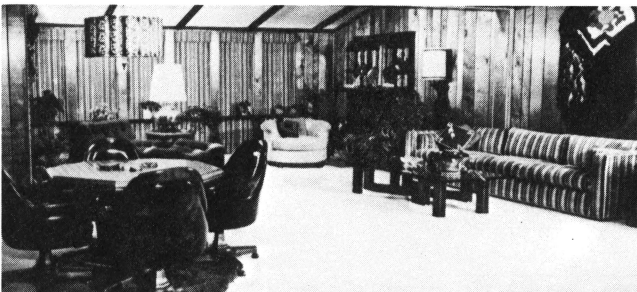
***RSMO, Chapter 137*



Manufactured homes in California, the nation's pace setter, can range from this \$80,000 model to homes retailing for several hundred thousand dollars. Subdivisions like this offer manufactured home owners country-club amenities and stipulate as much as \$10,000 in landscaping.



Inside, the manufactured home owner can enjoy a sunken bath, spacious living room, and a dining area that includes a convenient breakfast bar.



But just looking at today's manufactured home shows these criteria no longer apply. Foremost's Insurance Company's Malnight summarized his company's 1978-1979 national study of manufactured homes:

In the years 1972 through 1978, the average value of new mobile homes shipped increased from \$6,950 in 1972 to \$16,900 by the end of 1978 for 143% increase. Although a large part of this increase can be explained by inflation and larger homes being shipped, it still represents the value potential customers find on sales lots or subdivisions.

That 143 percent increase reflects a 24 percent increase, nationally, every year. Compare that with data from a survey of dealer members who belong to the Manufactured Housing Association of Arizona. To determine how manufactured homes were appreciating, they documented the results of 71 sales during May and June of 1979. The largest amount of appreciation they found was for a 1973 Royal Chateau (24 x 64). It originally sold for \$20,000, but brought \$36,000 when it was resold in June, 1978. Not 24 percent a year, but not bad either. (See Appendix D.) Missouri market conditions aren't that good. To be conservative, let's use just an 8 percent appreciation to calculate the revenues that could be generated in Boone County alone. The county has:

- 6,900 manufactured homes at an average of \$10,000 each\$69 million
- At 8 percent annual appreciation for 10 years\$162 million market value over 10 years
- Assessed valuation (at 33.3%), an inflated rate for Boone County\$54 million
- Revenues in 1990 (at the current rate of \$7 in taxes per \$100 in valuation)\$4 million

This chapter describes the increased use of manufactured homes for housing in Missouri and their taxation—based on a depreciating scale that used to reflect market values and based on an appreciating scale that studies show really reflect today's market. For a broader view, in the next chapter let's turn to other states.

Comparison with Other States

In general, the taxation criteria in other states are similar to Missouri's. Most states assess manufactured homes placed on an owner's land as real property. But they assess the same home on leased land as personal property, just like an automobile. This option has been available to Missourians since 1976. Within the last two years such states as California, Arizona, Indiana and Nevada enacted laws to make this option available.

The State of Wyoming considers *all* manufactured homes as real estate. But Virginia law states that manufactured homes may *not* be considered as or converted to real property.

Also, in almost all states manufactured homes are registered with the Motor Vehicle Division of the respective state. The State of New Jersey, recognizing the importance of mobile homes as a way to meet the state's critical need for housing, created a special commission to study them. The commission was charged with examining: (1) municipal zoning prohibitions and restrictions against mobile homes and parks; (2) state tax laws that impose sales taxes on mobile home purchases while also imposing real property taxes on mobile home parks; (3) mobile home financing techniques; and (4) the impact of yearly space fees imposed on park owners and tenants (1977 New Laws, AJS 3003, P. 739, no results available at this writing).

Last year, in a landmark decision, the Nebraska Supreme Court ruled that mobile homes must be considered residences and not motor vehicles for taxing purposes. The unanimous high court opinion written by Chief Justice Norman Krivosha reversed a Douglas County District Court decision that upheld the constitutionality of taxing mobile homes as motor vehicles. "They are not in any stretch of the imagination a motor vehicle," Krivosha declared.

In overturning the lower court's decision, Krivosha rejected what he called the state's argument that a "house is not a home." Writing for the court, he pointed out that mobile homes are seldom mobile and "resemble in all respects a residence."

Previously, mobile homes were centrally assessed by the Department of Revenue. It now appears that Nebraska's mobile homes will be assessed locally by the county assessor.

In its opinion, the court also upheld the \$2.50 Permit Fee owners are required to pay each year. The court found that obtaining a permit for a mobile home and requiring the fee was an exercise of the *police* power and not the *taxing* power of the state. The court stated that requiring the registration of personal property was not unconstitutional.

The state also had argued that a mobile home was a motor vehicle because it also was registered to the owner through a certificate of title. The court ruled that the legislature may, in the exercise of its police power, prescribe reasonable regulations for establishing ownership of personal property. The court said that permitting ownership of a mobile home to be established by a certificate of title does not make it a motor vehicle.*

So many states have become aware of the fact that the manufactured home is a residence and should be taxed as such. (For additional information from other selected states, refer to Appendix C.)

**In Texas, the State Comptroller's office is in the process of investigating alleged discriminatory tax treatment of more than one million Texans who live in manufactured and modular homes. Manufactured home buyers presently pay 4 percent motor vehicle tax on the full purchase price of the home, even when the home is destined for placement on a permanent foundation system and subsequently taxed as real estate by local political entities. So the method of calculating the amount of the motor vehicle tax varies widely throughout the states. Western Mobile News, 9-17-1979, pg. 4.*



Moderately priced homes in the \$30,000-range are available from such manufacturers as Fleetwood, Skyline and Fuqua.



The Survey

To examine the Missouri scene more closely a survey was conducted of all county assessors and of state legislators. The following topics were included for tabulation and evaluation.

1. The extent of knowledge of the law as it now stands;
2. Favorability toward manufactured (mobile) homes in the area of zoning;
3. Whether manufactured homes should be treated as real property; and
4. Attitudes toward manufactured home dwellers with respect to tax burden and social desirability.

More than 80 percent of the assessors and nearly half of the legislature returned the survey. Briefly here are some of the findings:

Nearly twice as many assessors as legislators agreed with Missouri's law: that only a mobile home on owner-occupied land and on permanent foundations may be taxed as real, rather than personal, property:

	Agree	Disagree	Undecided
Assessors	73	21	6
Legislators	41	41	15

The gap is understandable. It could be expected that tax assessors would be more cognizant of the law than legislators. But still, one out of five assessors and twice as many legislators are not familiar with the law. It seems reasonable that this phenomena stems from the low priority assigned to manufactured homes—numerous respondents informally reported that treatment of manufactured homes was not a significant issue.

Next researchers explored whether manufactured homes *should* be taxed as real property: In the first instance we used the mobile home industry's preferred term "manufactured housing"; in the second instance the term "mobile homes" was used. The responses are interesting:

In general manufactured housing should be assessed as real property.

	Agree(%)	Disagree(%)	Undecided(%)
Assessors	73.0	21.3	5.6
Legislators	74.4	16.7	9.0

By nearly equal and overwhelming margins both assessors and legislators approved such a change—or did they? Consider the rephrased question.

Real property taxes should be assessed against all mobile homes, across the board.

	Agree(%)	Disagree(%)	Undecided(%)
Assessors	27.0	58.4	14.6
Legislators	62.8	16.7	20.5

Personal Touch

Elaborate brick veneer siding, brick or concrete entrances and energy-efficient floor plans make manufactured homes competitive with conventional models.



A slight drop in legislative support may be juxtaposed to a nose-dive in assessor agreement. Clearly the assessors, to a far greater extent than legislators, appear to attach a different meaning to "manufactured housing." There are two overlapping possibilities for their response to the term "manufactured": (1) The assessors were thinking of multisectional (double-wide, triple-wide) mobile homes, and/or (2) they had in mind pre-fabricated homes (permanent foundation, conventional plumbing and wiring, but factory built sections of walls, roofs, etc.).

With respect to prejudicial zoning, the groups responded this way:

Incorporated areas should be permitted to ban mobile homes altogether.

	Agree(%)	Disagree(%)	Undecided(%)
Assessors	40.4	18.0	41.6
Legislators	44.9	14.1	41.0

If one keeps in mind that the item only reads "should" not "ought," then the responses toward mobile homes are not as unfavorable as they might seem.

In my personal opinion, mobile homes should be permitted only in parks and/or in areas not zoned for residential purposes.

	Agree(%)	Disagree(%)	Undecided(%)
Assessors	51.7	13.5	34.8
Legislators	65.4	20.5	14.1

Yet, at the *personal* level, both groups, but especially the legislators (and the difference is significant) want restricted zoning of manufactured homes. But

let us suppose the question is refined especially for middle or upper middle class sentiments:

In my opinion, mobile homes should be permitted on residential lots within corporate limits, provided they blend in with the neighborhood.

	Agree(%)	Disagree(%)	Undecided(%)
Assessors	58.4	30.3	11.2
Legislators	50.4	32.0	17.9

Double-wide mobile homes should be acceptable as single family housing for all residentially zoned districts.

	Agree(%)	Disagree(%)	Undecided(%)
Assessors	47.2	37.1	15.7
Legislators	24.4	53.8	21.8

Assessors, more likely to know what a double-wide mobile home really constitutes: (ie. generally a house almost indistinguishable, at least aesthetically, from much conventional housing) maintain (although by a lesser margin) their favorability, whereas legislators do not.

Are manufactured homes a financial liability and if so, under what circumstances? Also are the dwellers an "inferior" type?

Overall, mobile home parks constitute a financial liability, rather than an asset, in my district (county).

	Agree(%)	Disagree(%)	Undecided(%)
Assessors	18.0	63.0	13.5
Legislators	30.8	43.6	25.6

In general, residents of my district (county) consider mobile home dwellers less desirable than conventional home owners.

	Agree(%)	Disagree(%)	Undecided(%)
Assessors	39.3	13.5	47.2
Legislators	51.3	15.4	33.0



Conclusion

which changes at a rate dependent on the true market value.*

Let us suggest an example for consideration. Since most market values appreciate, our first question is: What kind of an appreciation scale should be used. The Manufactured Housing Association of Arizona conducted a survey during May and June of 1979 to determine how much manufactured homes were appreciating.* The amount of appreciation per year on homes resold was as follows:

Newest home—12.5% per year for two years
 Oldest home—3.12% per year for 20 years
 Average—5.7% per year for eight years

The preceding chapters examine the methods we are using in assessing and taxing mobile homes. The survey reveals an overwhelming agreement that manufactured homes should be assessed as real estate. Yet members of the Legislature want to restrict those manufactured homes to mobile home parks—where they are treated as personal property instead.

On the other hand, one county assessor says manufactured homes "are a tremendous income for this county," representing close to 15 percent of the 36,000 personal property tax forms filed each year. His counterpart, the building inspector disagrees. His office collects only \$10 for a manufactured home installation permit, which does not generate much revenue for the county.

Evidently there seems to be some confusion about this form of a home, and, emotions still play a part in the entire issue. The following paragraphs include some suggestions regarding the fair assessment and taxation of manufactured homes.

Today the formula used for manufactured home valuation is a depreciating scale, which declines at a fixed rate independent of true market value. Why not reverse this formula? Note the following:

The method to be used for the manufactured home valuation should be based on a schedule

To a great extent the higher appreciation for the newest homes results from the HUD Mobile Home Construction and Safety Standards that took effect in June, 1976. So for this study a higher appreciation rate of 8 percent was used.

In the simplified example; the hypothetical home doubled in true value over a 10-year period. So its assessed valuation increased by almost 100 percent, as did the tax revenue it generated.

But this is not all. By using the appreciation scale of assessing manufactured homes, local government would also increase its bonding capacity which is based on the total assessed valuation of the governmental entity. The point made is that under our present taxation and bonding system our communities are losing substantial amounts of dollars which could be used for such public projects as schools, utilities, roads and parks.

**Naturally, depending on market conditions, the home would either appreciate or depreciate.*

**This survey will be up-dated every six months. For more details refer to Appendix D. Reprint courtesy of Arizona Manufactured Housing Association.*

M. H. Treated as Personal Property On an 8% Appreciation Scale

Year	Market Value Of Home	Assessed Valuation At 33.3%	Tax Rate Per \$100 Assessed Valuation	Revenue \$
1	\$10,000	\$3,330	\$7.00 (Assumed to be constant for the purpose of this example)	\$233
2	10,800	3,596		252
3	11,664	3,884		272
4	12,597	4,195		294
5	13,605	4,530		317
6	14,693	4,893		343
7	15,868	5,284		370
8	17,137	5,707		399
9	18,508	6,163		431
10	19,989	6,656		466

Under the present system the mobile home dweller may expect a declining tax payable each year—but that could be a contributing factor to deteriorating conditions in mobile home parks. There is no incentive to properly maintain or to up-grade the existing structures because it would have no effect on the assessed valuation.

Also, from the point of view of the mobile home dealer, the present system has its advantages. Now, the dealer gets his money almost immediately after closing a sale. But he would have to wait about six weeks for closing if the home is treated as real estate.

Recommendations

The treatment of manufactured homes as real estate should be encouraged.

The depreciation schedule should be supplemented with an appreciation schedule that more fairly reflects true market values. This, in turn, may lead ultimately to a uniform system of assessment

**According to our survey, in 22 Missouri counties over half of all manufactured homes are treated as real estate.*

and taxation for all homes, including manufactured homes that are either owned or leased.

If implemented, these recommendations may result in better community acceptance, as far as planning and zoning are concerned, for manufactured homes. It may also contribute to increased pride by owners in maintaining and improving their manufactured homes to protect their investments.

In addition, it is reasonable to anticipate a more liberal availability of manufactured home financing which, in turn, might encourage a more rapid development of manufactured home subdivisions and condominiums.

The overall benefits derived from changes in our assessment and taxation system could help alleviate our housing shortage, by giving more people the chance to buy a home—a manufactured home—as soaring costs of regular real estate price more buyers out of that market. These changes in assessment and valuation may give more people the chance to own what they are yearning for . . . A HOME!

Suggested Readings

“Transition to Equality” by Dr. Malcolm Lewis, Lewis and Associates, Newport Beach, California, for Manufactured Housing Institute, Western Region, 3855 E. La Palma Avenue, Anaheim, California 92807.

Governmental Affairs Bulletin No. 10, “Mobile Homes: Asset or Liability,” (1970), by Henry Galetschky, Governmental Affairs Program, UMC, 306 Watson Place, Columbia, Missouri 65201.

“Mobile Homes: Challenges for Today and Tomorrow” (1973), by Henry Galetschky.

“Manufactured Housing: Overcoming Public Resistance” (1977), by Henry Galetschky.

Federal Register, June 16, 1976, “Mobile Home Construction and Safety Standards.”

“A Mobile Home Maverick,” *Business Week*, February 19, 1979, page 63.

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“Toward an Equitable and Workable Program of Mobile Home Taxation,” *Yale Law Journal*, 71 (March 1962), 702-719.

Carter, James H., “Problems in the Regulation and Taxation of Mobile Homes.” *Iowa Law Review*, 48 (1962), 16-58.

Bergman, Edward M., *Eliminating Exclusionary Zoning: Reconciling Workplace and Residence in Suburban Areas*. (Cambridge, Mass.: Ballinger Publishing Co., 1974).

Zoning “For the Living Welfare of People.” The New Jersey Supreme Court. Mount Laurel Decision (The Potomac Institute, Inc., Metropolitan Housing Program, n.d.).

Appendix A

Estimated Distribution of Manufactured Homes By Counties, Missouri, 1980

County	# of Mobile Homes 1980	Mobile Homes as % of Total Housing Units	Mobile Homes as % of Total DWU. in 1970	% of Mobile Homes Treated as Real Estate
ADAIR	1,300	13.9	6.1	40
ANDREW	520	11.1	4.5	NA
ATCHISON	390	11.3	5.1	30
AUDRAIN	1,170	12.8	5.0	4
BARRY	650	8.0	3.5	50
BARTON (T)	260	6.3	2.8	75
BATES (T)	650	11.0	3.8	NA
BENTON	520	10.6	2.9	80
BOLLINGER	260	7.6	3.4	33
BOONE	6,890	21.7	10.5	00.3
BUCHANAN	2,080	6.9	2.5	NA
BUTLER	1,040	7.9	3.0	
CALDWELL (T)	260	7.3	2.5	50
CALLAWAY	1,560	16.7	7.6	30
CAMDEN	1,560	23.1	6.2	30
CAPE GIRARDEAU	1,560	8.6	3.7	NA
CARROL (T)	520	12.0	3.7	30
CARTER	130	7.7	3.9	NA
CASS	2,860	18.7	8.5	25
CEDAR	520	13.1	4.8	10
CHARITON (T)	520	15.1	4.3	5
CHRISTIAN	1,170	22.4	8.1	10
CLARK	520	17.9	6.7	2
CLAY	2,080	4.3	2.1	1
CLINTON	390	7.8	1.3	60
COLE	1,560	8.8	4.0	5
COOPER	650	11.9	4.5	50
CRAWFORD	780	13.1	5.2	1
DADE (T)	130	4.4	1.8	50
DALLAS	520	12.0	4.6	5
DAVIESS (T)	390	12.1	3.9	50
DEKALB (T)	260	9.2	3.4	16
DENT	650	14.8	5.9	10
DOUGLAS	390	10.0	3.9	10
DUNKLIN (T)	910	7.2	2.9	NA
FRANKLIN	4,030	15.4	8.2	NA
GASCONADE	780	15.9	6.0	NA
GENTRY (T)	260	7.7	2.8	0
GREENE	5,460	8.7	4.0	NA
GRUNDY (T)	390	9.1	3.0	NA
HARRISON	390	10.1	3.4	75
HENRY	780	10.7	4.0	NA
HICKORY	390	16.3	5.8	75
HOLT	260	9.5	2.8	20

County	# of Mobile Homes 1980	Mobile Homes as % of Total Housing Units	Mobile Homes as % of Total DWU. in 1970	% of Mobile Homes Treated as Real Estate
HOWARD	390	10.6	4.3	5
HOWELL	1,040	10.2	4.5	10
IRON	650	18.4	6.4	10
JACKSON	6,110	2.9	10.0	18
JASPER	2,060	6.6	2.5	50
JEFFERSON	8,450	23.0	10.0	1
JOHNSON	2,730	22.9	10.1	25
KNOX	260	13.0	4.3	50
LACLEDE	1,040	12.7	5.7	50
LAFAYETTE	1,300	12.7	5.3	20
LAWRENCE	780	7.7	3.2	20
LEWIS	910	24.8	9.2	20
LINCOLN	1,300	19.8	6.8	NA
LINN (T)	520	8.4	3.0	NA
LIVINGSTON (T)	910	15.2	5.7	NA
MCDONALD	780	13.7	6.5	NA
MACON	910	15.1	5.1	2
MADISON	390	11.7	3.5	NA
MARIES	390	17.0	4.6	2
MARION	910	8.9	3.3	25
MERCER (T)	130	7.0	3.0	50
MILLER	1,430	23.4	9.7	12
MISSISSIPPI	390	7.8	2.8	20
MONITEAU	390	9.7	4.2	25
MONROE	390	11.3	4.6	NA
MONTGOMERY	520	12.6	4.5	NA
MORGAN	650	14.0	3.9	NA
NEW MADRID	1,040	13.7	4.9	1
NEWTON	1,820	14.0	5.8	10
NODAWAY (T)	780	9.6	3.6	20
OREGON	520	13.5	5.2	33
OSAGE	520	14.5	5.6	NA
OZARK	130	4.4	2.3	90
PEMISCOT	520	6.5	2.2	NA
PERRY	650	12.4	4.5	10
PETTIS	780	6.0	2.3	15
PHELPS	2,600	23.1	10.0	NA
PIKE	1,040	17.3	5.9	1
PLATTE	780	6.2	3.0	NA
POLK	910	13.1	6.5	10
PULASKI	4,940	34.7	18.1	NA
PUTNAM (T)	260	1.0	4.3	90
RALLS	520	14.3	6.1	5
RANDOLPH	1,040	12.0	4.7	NA
RAY	520	8.3	3.1	50
REYNOLDS	390	18.0	5.0	7
RIPLEY	390	8.1	4.0	2
ST. CHARLES	6,890	19.1	9.7	40
ST. CLAIR	260	6.9	2.7	10
ST. FRANCOIS	1,950	14.5	5.7	15

County	# of Mobile Homes 1980	Mobile Homes as % of Total Housing Units	Mobile Homes as % of Total DWU. in 1970	% of Mobile Homes Treated as Real Estate
ST. LOUIS	4,420	1.4	6.1	00.5
STE. GENEVIEVE	520	12.6	4.8	NA
SALINE	910	11.2	3.8	NA
SCHUYLER	260	13.0	4.4	95
SCOTLAND	130	6.2	2.5	0
SCOTT	1,300	10.9	4.5	20
SHANNON	390	15.0	5.2	10
SHELBY	390	13.7	4.4	40
STODDARD (T)	650	6.6	2.8	NA
STONE	780	15.8	7.1	17
SULLIVAN (T)	260	9.4	3.6	20
TANEY	1,430	19.2	10.1	40 (est.)
TEXAS (T)	910	11.8	5.5	50
VERNON (T)	520	6.8	3.1	20
WARREN	650	14.9	7.6	NA
WASHINGTON	910	18.1	7.1	35
WAYNE	520	13.2	4.5	NA
WEBSTER	910	14.2	6.8	4
WORTH	20	1.9	2.7	55
WRIGHT (T)	520	9.1	4.0	25
ST LOUIS CITY	260	0.1		
	130,000			

(T) Township Form of Government.

Appendix B

Relevant Missouri Legislation

MOTOR VEHICLES (Summary of RSMo 1980, Title XIX, Ch. 301—304, V.A.M.S.)

Definitions: "Motor Vehicle" limited to self-propelled vehicles (Sec. 301.010(17)); "trailer" defined as "any vehicle without motive power designed for carrying property or passengers on its own structure and for being drawn by self-propelled vehicle" (Sec. 301.010(28)).

Equipment requirements: Red and white tail lights (Sec. 307.075(1)); reflectors (Sec. 307.075(3)); stop lamp and signal device (Sec. 307.075(1)).

Size limits: Width, ninety-six inches; height, thirteen and one-half feet; length, forty feet; length of truck-tractor and semi-trailer combination, fifty-five feet; length of motor vehicle transport, sixty feet; for all other combinations length maximum is sixty-

feet (Sec. 304.170). Special permits for overloads obtainable from chief engineer of state highway department "whenever in his opinion the public safety or public interest so justifies" (Sec. 304.200).

Registration requirements: Registration required before operation on highway (Sec. 301.020); fee is \$7.50 (Sec. 301.067(7)). License plate required (Sec. 301.130). Certificate of ownership required; fee, \$1 (Sec. 301.190). Receipt showing payment of all tangible personal property taxes for the preceding year must be submitted with application for registration (Sec. 301.025). Proof of payment of sales tax required (Sec. 144.070).

General registration of manufacturers' and dealers' vehicles required. Fee of \$50 pays for certificate of registration and one number plate; each additional plate costs \$10.50 (Sec. 301.250).

Municipalities are authorized to collect license fees from owners of and dealers in trailers, residing in such municipalities (Sec. 301.340; of. Sec. 73.110(17), 75.110(18), 94.110, 94.270, and 94.360).

TAXATION AND REVENUE (Summary of RSMo 1980, Title X, Ch. 137—150, V.A.M.S.)

Ad valorem (i.e. imposed at a % of the value) taxation: All real property or tangible personal property owned by taxpayer on the first day of January of each year is subject to ad valorem taxation during the same calendar year (Sec. 137.075).

Ad valorem tax, at rate equal to real estate tax rate, imposed on merchants' and manufacturers' stock (Sec. 150.040, 150.310). Merchants and manufacturers required to obtain license and post bond (Sec. 150.100, 150.160, 150.310); clerk's total fees, \$1 (Sec. 150.150).

Sales Tax: Tax equal to 3 percent of retail sales price imposed on sale or use of tangible personal property, including trailers (Sec. 144.020). Tax computed on total price of vehicle, with no deduction for value of trade-in; trade-in is itself subject to tax upon resale (Sec. 144.010(9); Department of Revenue Sales Tax Rule No. 36). Payment in another state of like tax may be credited toward Missouri use tax (Sec. 144.450).

Compensating use tax: Imposed for the privilege of storing, using or consuming within Missouri any article of tangible personal property. Rate 3 percent of sales price; exemption if Missouri sales tax has been paid (Sec. 144.020(2), 144.610, 144.615).

USE TAX ON PURCHASED OR LEASED MOTOR VEHICLES AND TRAILERS (Sec. 144.400)

1. In addition to all other taxes now or hereafter levied and imposed upon every person for the privilege of using the highways of this state, there is hereby levied and imposed a tax equivalent to 3 percent of the purchase price, as defined in Section 144.070, which is paid or charged on new and used motor vehicles and trailers purchased or acquired for use on the highways of this state which are required to be registered under the laws of the state of Missouri.

2. At the time the owner of any such motor vehicle or trailer makes application to the director of revenue for an official certificate of title and the registration of the same as otherwise provided by law, he shall present to the director of revenue evidence satisfactory to the director showing the purchase price paid by or charged to the applicant in the acquisition of the motor vehicle or trailer, or that the motor vehicle or trailer is not subject to the tax herein provided and, if the motor vehicle or trailer is subject to the tax herein provided, the applicant shall pay or cause to be paid to the director of revenue the tax provided herein.

3. In the event that the purchase price is unknown or undisclosed, or that the evidence thereof is not satisfactory to the director of revenue, the same shall be fixed by appraisal by the director.

4. No certificate of title shall be issued for such motor vehicle or trailer unless the tax for the privilege of using the highways of this state has been paid or the vehicle or trailer is registered under the provisions of subsection 5 of this section.

5. The owner of any motor vehicle or trailer which is to be used exclusively for rental or lease purposes may pay the tax due thereon as required in section 144.020 at the time of registration or in lieu thereof may pay a use tax as provided in section 144.010, 144.020, 144.070 and 144.440. A use tax shall be charged and paid on the amount charged for each rental or lease agreement while the motor vehicle or trailer is domiciled in the state. If the owner elects to pay upon each rental or lease he shall make an affidavit to that effect in such form as the director of revenue shall require and shall remit the tax due at such times as the director of revenue shall require.

6. In the event that the motor vehicle leasing company elects to collect a use tax, all of its lease receipts would be subject to the use tax, regardless of whether or not the leasing company previously paid a sales tax when the vehicle was originally purchased.

Appendix C

Laws on Manufactured Homes For Selected States

ARIZONA:

As of 7-1-79, both single wides and multi-wides on rental property are titled as unsecured personal property, but taxed in the same manner as real property. Multisectional mobile homes on owner-occupied land is titled as real. Registration is required, but licensure is not.

CALIFORNIA:

Law, effective 7-1-80, states that all new mobile homes sold after this date will be taxed as personal if on rented land, and as real if on owner-occupied land. (Sec. 109.8 Revenue and Taxation Code) Registration, but not licensure is required for mobile homes as personal.

COLORADO:

Law, effective 1-1-78, states that all mobile homes shall be taxed as a percentage of value. Assessments are based on 75% of the retail delivered price minus 20% for furniture and other equipment. Depreciation schedule factors a subsequent decline in value of 7%/year. for 10 years. Upon calculation of this value, the property is then assessed at 30%.

IDAHO:

Mobile homes are to be assessed and taxed in the same manner as other residential housing in the state. The state tax commission is to establish methods for appraising residential property for ad valorem tax purposes. Mobile homes are removed from the personal property tax assessment rolls, except in situations where they would not qualify as residential housing (1977 New Laws, H.B. 319, P. 469).

ILLINOIS:

Mobile homes are assessed and taxed as personal property. May be converted to real through affixation of a permanent foundation. (Ch. 120, par. 1201) Rate tax based upon amount/square feet and year made (Ch. 120, par. 1203). Registration required (Ch. 120, par. 1206). Reduced rate (less 20% of computed tax) available for senior citizens (i.e. over 65) and/or disabled persons (Ch. 120, par. 1207). Permit is required for moving a mobile home.

INDIANA:

Neither licensure nor registration is required. As of 7-1-79 both single and multi-wides will be treated as real estate when located on owner-occupied land. Otherwise, *in lieu* personal property tax applicable if mobile home is on rented land. After 7-1-79 sales tax for new mobile homes paid on 65% of value.

MICHIGAN:

Registration required with Department of Commerce; no licensure or title. There are no property taxes, either state or local. A mobile home may be declared as real at the discretion of the owner, but this change makes no difference in titling or registration. State Appellate Court on 10-18-76 (248 N.W.2d 629) held zoning discrimination against double-wides unconstitutional. Sales tax only on new mobile homes.

MONTANA:

Registration with Department of Revenue is required. *In lieu* personal property taxation on mobile homes. May be converted to real if permanent foundation affixed, in which case ad valorem taxation schedule applies. Montana has no sales tax.

MISSOURI:

Both personal and real property are subject to taxation. Mobile homes are taxed both as personal and real property. If a mobile home is placed on a permanent foundation and the lot is owned by the occupant of the mobile home, then it may be taxed as real property. Mobile homes are regulated under motor vehicle registration laws only if moved. Mobile homes are also subject to a 3 percent sales tax.

NEBRASKA:

Prior to 1979, mobile homes treated as motor vehicles. The State Supreme Court (6-31-79) ruled that mobile homes must be considered residences and not motor vehicles for taxation purposes. While the full impact of the decision cannot yet be determined, the Court *did* state that mobile homes should be taxed as "other personal property," a move that will affect assessment, tax payment dates and the applied mill levy.

NEVADA:

Registration under Department of Motor Vehicles currently required, though as of 7-1-79, bill pending in legislature which would make the Mobile Home Agency responsible for mobile home registration and titling. Pending legislation would also allow a person, with a mobile home on his own land, to have that house - *if he chooses* - declared as real property. Currently, mobile homes can be converted to real only in a few counties and no uniformity of standards exists. Sales tax is paid on new mobile homes, and also on resales by dealers, but not on resales by private parties.

NEW JERSEY:

On 3-20-79, the New Jersey Supreme Court ruled that real, rather than personal taxes must be assessed against individual mobile home owners. (*Koester v. Hunterdon County Board of Taxation*, 399 A.2d 656) Such mobile homes are to be considered single-family dwellings rather than as "trailers, trailer coaches, and camp cars." A year earlier the Court had ruled that municipalities could not constitutionally exclude mobile homes from their boundaries. (*Southern Burlington County MAACP v. Township of Mount Laurel*, 391 A.2d 935 (1978))

OHIO:

Registration with county auditor required. Under state law, auditor has the option to tax as real, rather than personal, if a mobile home is on owner-occupied land. The general practice of Ohio auditors, however, is to tax as real only if the mobile home on owner-occupied land has *also* been permanently affixed. Sales tax placed on new mobile homes, but is not levied on resale.

OREGON:

Required registration of mobile homes with the Department of Motor Vehicles. Criteria for consideration as real property rather than personal property, vary widely from county to county. Most generally, mobile homes on owner-occupied land are taxed as real, while those on rented space are considered personal. The state has no sales tax.

PENNSYLVANIA:

Registration with Department of Motor Vehicles required. Mobile homes on owner-occupied land with permanent foundation considered real and taxed as a percentage of value; other mobile homes considered personal and *in lieu* taxes are levied. Sales tax on new mobile homes (by builder at 65% of price) and also on resales by *either* dealers or private individuals.

TEXAS:

Registration with Department of Motor Vehicles required. Procedures used by local taxing authorities to determine the type of tax to apply to mobile homes - and the method of calculating the amount - vary widely throughout the state. Generally, those houses affixed on permanent foundations are assessed as real; all others are treated as personal. Four percent motor vehicle tax levied on the full price of a new mobile home.

UTAH:

Registration with Department of Motor Vehicles required (\$7.00 for single, \$14.00 for double). Technically, a mobile home may be considered real, rather than personal, if wheels and axles are re-

moved. However, such conversion makes no difference since taxes are computed the same for real or personal property. Sales taxes for new sales and for resales by either dealers or private parties.

VIRGINIA:

Registration with Department of Motor Vehicles required (fee 3% of retail price). Mobile homes may *not* be considered as or converted to real property; all are taxed as personal. Sales taxes for new mobile homes, and for resales, either by dealers or by private parties.

WASHINGTON:

Registration with the Department of Motor Vehicles required. May be considered real, rather than personal, but criteria varies by county. Sales taxes on new homes, and on resales, whether by private party or by dealer.

WYOMING:

No registration required. Individual counties may, if they choose, require that titles be issued. *All* mobile homes are considered real property. Sales tax levied on new mobile homes and on resales by dealers, but are not applicable to resales by private parties.

Appendix D

Arizona Survey

The Manufactured Housing Association of Arizona conducted a survey among its Dealer Members during May and June of 1979, to determine how much Mobile Homes were appreciating. A total of 71

RANGE OF APPRECIATION IN DOLLAR AMOUNTS:

LOW—\$350.00 HIGH—\$16,000.00
AVERAGE—\$4,008.00

AGE OF HOMES RESOLD:

NEWEST—2 years OLDEST—20 years
AVERAGE—8.05 years

AMOUNT OF APPRECIATION PER YEAR ON HOMES RESOLD:

NEWEST—12½ % per year for 2 years
OLDEST—3.12% per year for 20 years
AVERAGE—5.73% per year for 8 years

OLDEST 2 HOMES LISTED:

1959—Rod & Reel—originally sold for \$4,000.00
(10 x 50)
Resold May, 1979 for \$6,500.00

sales were documented and the results are listed below.

As you can see, the yearly appreciation percentages are much greater on the new Mobile Homes manufactured under HUD standards. Many of the larger dollar appreciation amounts listed, were for Mobile Homes resold in Rental Parks. M.H.A.A. is continuing this survey and will update it every 6 months.

1960—10 x 58 Roadcraft—originally sold for \$5,800.00
Resold March, 1979 for \$12,500.00

NEWEST 2 HOMES LISTED:

1976—14 x 65 Melody—Originally sold for \$9,500.00
Resold April, 1979 for \$15,000.00
1977—14 x 65 Builtmore—originally sold for \$12,000.00
Resold May, 1979 for \$15,000.00

SMALLEST AMOUNT OF APPRECIATION:

1966—10 x 52 Fleetwood—originally sold for \$4,400.00
Resold March 31, 1978 for \$4,750.00

LARGEST AMOUNT OF APPRECIATION:

1973—24 x 64 Royal Chateau—originally sold for \$20,000.00
Resold June, 1978 for \$36,000.00

