

**A STUDY OF REAL PROPERTY TAXATION OF MOBILE HOME PARKS
IN NEW YORK STATE**



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The coordination of this study of real property taxation of mobile home parks was conducted by a temporary committee formed from within the New York State Division of Equalization and Assessment. The four committee members, Richard Celani and Barbara Murphy, Office of Policy Analysis and Development, James Dombrowski, Bureau of Valuation Services and Stanley Jones, Office of Counsel wish to acknowledge the assistance of SDEA staff members. An extensive telephone survey of 267 assessors was conducted, coded and data entry completed within a four week period due to the efforts of Sandra Barbour and Linda Brennan of Valuation Services Bureau and Sylvia Adams, William Heidelmark and Paul Miller of Office of Policy Analysis and Development. Frank Dirolf of Valuation Services Bureau provided compilation of mobile home parks by municipality from the 1986 New York State assessment rolls. Reference materials were compiled by SDEA's Librarian, Barbara Beverley.

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EXECUTIVE SUMMARY

During the 1988 legislative session, the laws and practices by which mobile home parks are assessed and taxed underwent considerable discussion. There was general agreement of the need for a review of the subject prior to proposing amendments to the Real Property Tax Law. The New York State Division of Equalization and Assessment has prepared this report at the request of the Executive Chamber. It includes findings and recommendations concerning the taxation of mobile homes in the following areas:

- valuation methodology,
- the separate assessment of mobile homes,
- tax enforcement,
- whether rent reductions can be assured where mobile homes are separately assessed and taxed,
- the appropriateness of including mobile homes within the homestead class.

The study was coordinated by our Office of Policy Analysis and Development working with staff from the Office of Counsel and the Bureau of Valuation Services. In conducting the study, staff reviewed the proceedings of the 1987 hearings on mobile home parks which were held by the Senate Committee on Housing and Community Renewal. Staff also reviewed 1980 Census information pertaining to mobile homes as well as literature describing the taxable status of mobile homes in other states. Background information was gathered on the development of valuation methods and the Real Property Tax Law of New York State pertaining to mobile homes along with judicial interpretations of those laws.

A survey questionnaire was developed and sent to assessors in 299 of the 629 cities and towns in New York State which contain one or more mobile home

parks. Information was received from 267 assessors representing 276 cities and towns, a response rate of 92%. Those assessors responding work with municipalities containing 69% of the mobile home parks on the 1986 New York State assessment rolls. Responses to these questionnaires were obtained by telephone interviews.

Interviews also were conducted with representatives of organizations concerned with mobile home legislation in New York State: mobile home owners, trailer manufacturers/park owners, the Attorney General's Office, NYS Department of Transportation, the Department of Taxation and Finance, ten County Real Property Tax Directors; also the U.S. Department of Housing and Urban Development, the National Conference of States on Building Codes and Standards and representatives of other states which classify mobile homes as real property.

The 1980 Census indicated 110,000 occupied mobile homes in New York State, representing 2% of the state's population. Twenty percent of those living in mobile homes were over age 65. The median income of mobile home owners was \$12,900 with about 12% below the poverty level. The 1988 survey of assessors indicates an estimated 114,000 mobile homes in mobile home parks currently with an average occupancy rate of 94%. The parks are estimated to contain about 80% of all mobile homes in the State.

Comments of mobile home park residents indicated their primary concerns involve issues not directly involved with property taxation, including eviction protection and reasonable rent increases. Their coalition's representative felt that park residents would favor separate assessment and tax billing, but only if a rent reduction could be guaranteed. Since 1954, the law has dictated that mobile homes are to be considered real property and must be included in the tax

assessment of the land on which they are located, regardless of the fact that the mobile home owner may not own the land, as in the case of mobile home parks. The only exception to this principle is that if either the mobile home or the land on which it is located is entitled to an exemption, the mobile home is required to be assessed separately from the land. The most common practice of this exception is the separate assessment of mobile homes owned by senior citizens and veterans who apply for an exemption.

This issue of separate assessment is paramount among the other areas of study. Under extended separate assessment of mobile homes, tax collection would require significant additions to mechanisms for tracking trailer ownership and for tax enforcement. Rent reduction guarantees would entail legal considerations. Homestead classification, which is now provided to those mobile homes which are owner occupied and separately assessed, is affected. Valuation of individual mobile homes would require closer scrutiny.

Seventy percent of the assessors surveyed disapprove of separate assessment for all residents of trailer parks, while 17% approve. The assessors are concerned about tax collection problems and the possible loss of tax revenue due to the mobility of park residents, an added workload, complications for park owners and misclassification of a commercial enterprise.

Under current laws of New York State, liability for real property taxes falls upon the individual in whose name the real property is assessed. Thus, mobile home park owners are liable for the property taxes levied against the value of the mobile homes in their parks except in cases of separate assessment due to exemptions. Tax collection is fairly reliable due to the fixed nature of the park. The tax collection problems resulting from extensive separate assessment of mobile homes would require a system such as permits to track the

arrivals and departures of mobile homes or new owners. The great majority of officials of state agencies and local governments expressed concern that such a system would be unworkable.

While the Real Property Tax Law requires the separate assessment of mobile homes where exemptions are involved, there are no provisions which insure any lowering of rent to the exempt home owner. Sixty one percent of the assessors interviewed gave the opinion that rent reductions would not accompany reduced property taxes resulting from exemptions or homestead status. This compares with 17% who felt certain reductions would occur. The high average occupancy rate (94%), along with multiple local government restrictions on mobile homes and parks noted by 81% of the surveyed assessors, creates a seller's (mobile park owner's) market. Only 19 out of 267 assessors said that seniors or veterans in mobile home parks are currently receiving exemptions. This represents about 5% of the estimated seniors' and less than 10% of the estimated veterans' mobile homes in the study. They either are not aware of the exemptions or perceive that there is no benefit in applying for them.

By legal definition, only those mobile homes in New York State which are owner occupied and separately assessed are eligible to be classified as homestead. This encompasses individual mobile homes on owner-occupied land. However, it includes only those owner occupied mobile homes in parks which are eligible for exemptions. Recent court cases (Foss v. City of Rochester and Verga v. Clarkstown), by implication, would not permit granting a local option for a municipality regarding the granting of a homestead status to mobile home park residents. Either all taxing jurisdictions must uniformly classify park residents as homestead or all as non-homestead. Only 48 out of 994 cities and towns in New York are involved in some phase of eligibility for homestead

status. Of the 111 surveyed assessors offering an opinion, 99 favored continuing mobile home parks in the non-homestead status. They reasoned that parks belong in the commercial property class, that park owners might not pass along savings, and stated a general disapproval of added exemptions or negative impact on other classes, such as farmers.

RECOMMENDATIONS

1. **Valuation of Mobile Home Parks**

There are no recommended changes to law which would prescribe the valuation methodology for mobile home parks. However, the State Board should consider preparing a publication for assessors detailing the three valuation methods as they could be applied to mobile homes and mobile home parks, including the underlying land values.

2. **Separate Assessment of Mobile Homes in Parks**

Continue the current provisions of law which require the assessing and tax billing of mobile home parks as one parcel, with only those mobile homes therein which are eligible for an exemption to be separately assessed. Exemptions would continue to be granted only to those eligible mobile home owners who apply for them.

3. **Tax Enforcement**

The existing laws on tax enforcement do not need to be changed specifically for mobile homes. If separate tax billing in mobile home parks were mandated on a broader scale than currently exists, the tax enforcement provisions would need substantial revision.

4. Rent Reductions Following Separate Assessment and Tax Billing

By statutory amendment, require the park owner to provide mobile home owners who are separately assessed and taxed a rent reduction or rent rebate equivalent to their full tax liability prior to any exemption. The rent reduction or rebate would be due upon the presentation of a property tax bill showing the total assessed value (before exemption) of the mobile home and the applicable tax rates. If any of these figures do not appear on the tax bill, the taxing jurisdiction would be required to provide them to the exempt mobile park resident. A fee of 1% of the exempt mobile home's full tax bill could be deducted from the rebate by park owners to cover their administrative costs. The park owner would be liable for a fine double that of the full tax bill on the exempt mobile home if the rent reduction were not forthcoming.

5. Homestead Status Regarding Mobile Home Parks

The court decisions in Foss v. City of Rochester and Verga v. Clarkstown suggest that all similar mobile homes must be classified alike, either all in the homestead or all in the non-homestead class. The homestead class applies primarily to residential dwellings of 3 family units or less. An individual mobile home on owner-occupied land would belong in this definition. These residential class mobile homes should continue to be granted the homestead status if located in an approved assessing unit which adopts the homestead classification. Mobile homes in mobile home parks are situated on commercial property. The terminology in section 1901(e)(2) of the Real Property Tax Law would grant the homestead status to exempt mobile home owners in parks, but not all other park residents. This

language does not meet the constitutional test of the Foss decision. The law needs to be clarified so that mobile homes in mobile home parks are uniformly in the non-homestead class.

INTRODUCTION

During the 1988 legislative session there was considerable interest in the laws and practices by which mobile home parks are assessed and taxed. The interest was generated as part of larger concerns expressed by mobile home owners regarding circumstances in many mobile home parks in New York State. Rather than immediately attempting to enact amendments to the law, there was general agreement on a need for a comprehensive analysis of the subject. The New York State Division of Equalization and Assessment (SDEA) was asked by the Executive Chamber to prepare a report which would include findings and recommendations concerning the following areas relating to mobile homes and mobile home parks:

- valuation methodology;
- separate assessment of mobile homes;
- tax enforcement;
- whether rent reductions can be assured where mobile homes are separately assessed and taxed;
- the appropriateness of including mobile homes within the homestead class.

METHODOLOGY

A number of steps were taken to investigate the current status of mobile home park residents and the present and proposed real property tax legislation which would affect them. A mobile home study committee was formed, consisting of four staff personnel from SDEA encompassing backgrounds in property tax law, valuation and research. The committee reviewed the proceedings of the legislative hearings on mobile home parks conducted by the Senate Committee on Housing and Community Renewal. There was a review of 1980 Census information pertaining to mobile homes as well as literature

describing the taxable status of mobile homes in other states. Background information was gathered on the development of valuation methods and the Real Property Tax Law of New York State pertaining to mobile homes along with judicial interpretations to those laws.

Interviews were conducted with representatives of organizations concerned with mobile home legislation: mobile home owners, trailer manufacturers/park owners in New York State, the Attorney General's Office, the NYS Department of Transportation, the Department of Taxation and Finance, ten County Real Property Tax Directors; also the U.S. Department of Housing and Urban Development, the National Conference of States on Building Codes and Standards and representatives of other states which classify mobile homes as real property.

A survey questionnaire was answered by 44% of the assessors of the 629 cities and towns which contain one or more mobile home parks in New York State. These assessors work with municipalities containing 69% of the mobile home parks listed on the 1986 New York State assessment rolls. The surveys were conducted by phone. The following table shows the number of parks listed on the 1986 assessment rolls for New York State cities and towns and the number attempted to be reached for the Mobile Home Survey.

Table 1. Mobile Home Parks Listed on 1986 New York State Assessment Rolls.

<u>Number of Parks</u>		<u>Total Municipalities with Parks</u>	<u>Survey Responses</u>		
<u>Per Municipality</u>	<u>Total</u>		<u>Number Sent</u>	<u>Number Responding</u>	<u>Parks Represented</u>
1 to 3	652	368	89	83	181
4 to 6	721	146	96	86	436
7 to 9	431	54	53	47	376
10 to 12	363	33	33	32	352
13 to 27	501	28	28	28	501
Total	2,668	629	299	276	1,846

The survey was divided into three main sections. The first section asked for an estimate of the total number of parks and mobile home sites (pads), the occupancy rate and percent of owner-occupied trailers in parks in the municipality. The second section asked assessors questions about how they valued mobile homes. The final section asked about assessing practices, an estimate of the number of seniors and veterans on the rolls and the number currently receiving exemptions. Assessors were asked to estimate the average market value and assessed value of mobile homes and whether there are any local restrictions on siting mobile homes and parks. They were asked to give their opinions on several concepts dealing with property taxation of mobile homes: separate assessment and billing of mobile homes in parks; how the homestead tax rate should be applied for eligible municipalities; would separate assessment and billing cause tax collection problems; would park owners and home owners favor separate assessment; finally, are park owners likely to grant equivalent rent reductions to trailer owners if exemptions or lower tax rates were offered through lower tax bills to the park owners. The complete text of the survey and a summary of the responses of the 267 assessors are given in Appendix A of this report.

DEFINITIONS AND DEMOGRAPHICS

The State Board of Equalization and Assessment's property type classification codes list a Mobile Home as "a portable structure, built on a chassis and used as a permanent dwelling unit." The 270 class code places the single mobile home in the residential property class and generally refers to one unit on private land. Also in the residential property class, the 271 class code refers to Multiple Mobile Homes as "more than one mobile home on one parcel of

land. (Not a commercial enterprise. If mobile home(s) is rented or land is rented or leased, see code 416)." This 416 code is in the commercial property class listing. It defines Mobile Home Parks as follows: "Also referred to as trailer parks or trailer courts. Typically, the mobile homes are owner-occupied while the land and facilities are rented or leased."

Census information shows there were approximately 72,000 mobile homes in New York in 1970. By the 1980 Census, the figure jumped to 110,000 occupied mobile homes, a 53% increase in trailers located both in and out of trailer parks. The residents of these homes represented about 2% of the State's population. A projection of the survey of assessors conducted in August 1988 statewide would indicate the number of mobile homes in parks is now about 114,000. This is estimated to be between 70% to 80% of all mobile homes (in and out of parks) in New York State. In 1980, twenty percent of trailer householders were over 65 years old. The median income for those owner-occupied was \$12,900; about 12% were below the official poverty level. Eighty four percent of the owner-occupied units were located in rural areas.

The National Conference of States on Building Codes and Standards listed the number of mobile homes shipped to New York State between 1977 and 1987. There were about 4,200 shipped in 1977. The number dipped to a low of 3,245 in 1980, but shipments were down nationwide at that time. The New York figure reached 7,370 shipments in 1985. The numbers again slowed down nationally, thereafter; reflected by shipments of 7,370 again in 1986 and 7,930 in 1987.

SENATE COMMITTEE HEARINGS ON MOBILE HOME PARKS

In 1987, the Senate Committee on Housing and Community Renewal conducted hearings to discuss problem areas regarding mobile home parks. A

cross-section of speakers representing mobile home park residents and park owners discussed a broad range of problems in parks. Park residents noted their greatest need was legislation including a clause requiring "just cause" for eviction. Zoning restrictions severely limit new park sites. Existing parks have high occupancy rates creating heavy competition for existing sites. In many instances, no leases are offered; rent is paid on a month-to-month basis and some residents are given short notice to leave the park. In some cases, park owners are also mobile home dealers and some refuse to allow outgoing residents to sell their trailers to incoming residents; new trailers may be required when renting a pad.

Park owners may choose to sell the land to other commercial ventures, leaving the mobile home owners with no sites for their homes. Instances of poor park conditions in spite of high rent increases were cited. The mobile park owners' representatives wanted no added laws. They felt that if local zoning restrictions were removed, market forces would take care of any existing problems.

Many complaints expressed by park residents are actions taken in violation of the existing Real Property Tax Law (§233 and §236). A 1984 study of mobile home parks in central New York was conducted jointly by the New York State Attorney General's Office and the Bureau of Consumer Frauds and Protection. It concluded that "the current law designed to protect mobile home park tenants is ambiguous, frequently violated and wholly inadequate." The study found, for example, that 57% of the responding park owners violated the law by not offering the opportunity to sign one-year leases to new tenants.

As a result of the Senate hearings, a number of proposals were made to change the laws governing parks and park residents. One bill has been passed

which would set up a fund to help income-qualified park residents buy their park as a cooperative enterprise if it were being sold (the "right of first refusal"). Several other areas of concern were not covered in the legislation, such as protections from short-notice eviction and penalties for violations of existing laws.

Property tax legislation has also been proposed including measures to classify mobile homes in parks as residential properties to qualify for the lower homestead tax rates in approved assessing units and to change the method by which property tax exemptions are passed through to eligible residents. This study by SDEA has been undertaken to review the benefits and drawbacks of these proposed property tax changes.

VALUATION OF MOBILE HOMES AND PARKS

Methods Used to Classify Mobile Homes among States

There are a variety of tax treatments of mobile homes among different states. The basic issue has been whether mobile homes are considered real or personal property.¹ In some cases, the designation varies within a state depending on circumstances; for example, a sales tax on personal property is charged when the mobile home is purchased, and a property tax is imposed when it is affixed to the land. Generally there are four types of taxes or fees levied on mobile homes. Most states treat mobile homes as vehicles or personal property. A license fee is required in states such as Wisconsin for all mobile homes and Florida for those in parks. Mobile homes in parks are taxed as personal property (an ad valorem tax) in some states, including Minnesota and

¹ Gossett, James F. "Assessment Law Notes: A New Look at Mobile Home Property Taxation." Property Tax Journal, (March 1984): 67-76.

Mississippi. A privilege tax is one tailored to the specific state's mobile home residents. It allows the taxing authority to collect revenue for all municipal services while avoiding the complications that arise from fitting mobile homes into the definition of real property.² However, there is a growing trend toward treating mobile homes as real estate³ and applying the local real property tax to them. New York State switched to this designation in 1954.

Legal Aspects of Mobile Home Park Valuation in New York State

As early as 1941, the Court of Appeals recognized that the three approaches to value, i.e. market, cost and income, are to be considered in valuing real property for assessing purposes.⁴ In 1983, the State Supreme Court of Jefferson County found that since the rental of space is involved, the income approach is most applicable for mobile home parks with a value added thereto for the mobile homes within the park. This decision was upheld by the Appellate Division in 1985.⁵ In the same 1983 court case, the mobile homes were valued using the cost approach. However, while the Jefferson County case offered direction for assessing practices, the Court of Appeals, as recently as 1987, found that New York State law does not prescribe any particular method for valuing real property.⁶

² Mrozek, Donald L. "The Search for an Equitable Approach to Mobile Home Taxation." De Paul Law Review, (Volume XXI, 1972): 1008-1035.

³ Mrozek, Donald L., pp 1008-1035.

⁴ People ex rel. Parklin Operating Corp. v. Miller, 287 N.Y. 126, 38 N.E.2d 465 (1941).

⁵ Lazy Acres Park, Inc. v. Town of Cape Vincent, 122 Misc.2d 215, 470 N.Y.S.2d 70 (S.Ct., Jefferson County 1983), app. den. 112 A.D.2d 809, 492 N.Y.S.2d 508 (4th Dept. 1985).

⁶ 41 Kew Gardens Road Associates v. Tyburski, et al., 70 N.Y.2d 325, 514 N.E.2d 1114, 520 N.Y.S.2d 544 (1987).

Methods of Valuation for Mobile Homes and Parks in New York State

The State Division of Equalization and Assessment conducts training sessions for local assessors which describe the three approaches to value: the market, cost and income approaches. Valuation theory teaches that each of these three approaches to value uses the principles of (1) supply and demand, (2) substitution of similar properties, (3) balance of labor, management, land and capital, and (4) externalities (outside influences). Each of the three approaches to value might apply to the valuation of mobile home parks and mobile homes as follows:

(1) VALUATION METHOD: INCOME APPROACH

<u>Mobile Home Park</u>	<u>Mobile Home</u>
$V = \frac{\text{Net Park Income}}{\text{Desired Rate of Return (\%)}}$ <p>Where net income = rental per pad times number of pads less vacancy and collection losses, plus other income less operating expenses</p>	<p>Does Not Apply</p>

(2) VALUATION METHOD: MARKET APPROACH

<u>Mobile Home Park</u>	<u>Mobile Home</u>
$V = \text{Recent Sale Price of Comparable Parks}$ <p style="text-align: center;">or</p> $V = \text{Gross Rent Multiplier times Gross Income}$ <p>Where gross rent multiplier = sale price of other mobile home parks divided by their gross income</p>	$V = \text{Recent Sale Price of Comparable Mobile Homes}$ <p>Does Not Apply</p>

Note: V = value.

(3) VALUATION METHOD: COST APPROACH

Mobile Home Park	Mobile Home
<p>V = Cost to replace park structures as they exist today,</p> <p>Where cost = Reproduction cost new less depreciation of park's improvement to land plus unimproved land value</p> <p>Reproduction costs can be found in cost manuals; unimproved land estimates can be derived from market sales</p>	<p>V = Cost to replace mobile home as it exists today</p> <p>Where cost = reproduction cost new less depreciation of mobile home (no land included)</p>

Survey of Assessors on Valuation Methods

According to the SBEA survey of assessors regarding mobile home valuation, individual assessors apply various combinations of these methods within each of their assessing jurisdictions.

In the telephone survey covering 276 municipalities, the assessors were asked how they assessed mobile home parks. Four alternatives were offered. The greatest response, 48%, said that they assessed the land, gave an estimated average value of the mobile homes, and entered the property collectively as one parcel; subsequently a single tax bill was sent to the park owner. Almost as many, 46%, assessed the park and each mobile home individually before they entered the collective values as one parcel with one bill to be sent to the park owner. Another 3% who assessed for one bill to the park owner assessed only the land and structural improvements but did not value the mobile homes. One percent said that individual tax bills are now sent to each mobile home owner based on their individual assessment; another bill is sent to the park owner for the land and improvements. A few assessors made other comments: six separately assessed only mobile homes with exemptions; three applied a flat rate; two used county sales or county recommendations.

The assessors were asked which of the three valuation methods, market, cost or income, they used to appraise mobile homes. Eighty-eight responded with 2 or 3 combinations of methods resulting in total responses exceeding 100%. The majority, 51%, mentioned using market sales comparisons. Just over half of these 136 assessors used market sales combined with other approaches. Forty eight percent (127 assessors) use the cost approach, 73 of them in combination. Twenty three percent (62 assessors) used the income approach; for only 24 of these, it was the only method used. Forty one assessors specified they used one of several more general methods: a flat rate (20 assessors), average value of the trailers (9), or their own "rule of thumb" (3).

Those who specified using the cost approach to value were asked which manuals they used most often to value both mobile homes and improvements to the land in parks. At least half of the assessors did not list any manuals. Twenty or more cited more than one source. The following table shows the major cost publications found to be most useful for assessors to figure the value of mobile homes and improvements to land:

Table 2. Percent of Responses Citing Cost Publications Used to Value Mobile Homes and Improvements to Land.

<u>Cost Publication</u>	<u>Percent of Responses</u>	
	<u>Mobile Home Value</u>	<u>Value of Improvements</u>
Marshall Swift	11%	14%
NADA	9%	4%
Boeckh	8%	8%
Other Manuals (mostly state; e.g. assessor's handbook)	26%	21%
Does Not Apply (or No Response)	50%	58%

The SDEA-published Assessor's Manual was mentioned most often as a helpful tool in costing mobile homes and parks.

Assessors were asked what type of comparable land sales they used to analyze mobile home park land value. One third (89 assessors) use commercial land as comparable. Vacant land was cited next by 30% of those responding. Eighteen percent of the assessors compare mobile home park land with residential land while 14% do not use any other type as comparable. Ten percent gave other answers, including other mobile home park sales (10 assessors) or park land, with or without improvements (6), and waterfront property (4). Total responses exceed 100% because 21 assessors had checked two or more types of comparable land sales.

Twenty nine percent (78 assessors) do not look to any other location for comparable sales of parks to analyze mobile home park value. Twenty six percent (70 assessors) look at park sales in their own and adjoining towns or cities while another 24% look only within their own town or city. Fifteen percent take values from the entire county. The remaining 5% checked sales in the entire state or neighboring counties.

In addition to questions on how mobile homes and parks are valued, assessors were asked about other assessing practices. The question was asked whether mobile home parks in their town provide any services normally provided by local governments, such as roads, lighting, and snow or garbage removal. If so, do they allow for this fact in their assessment of mobile homes. Eighty seven percent, or 231, of the 267 assessors agreed that parks provide some functions otherwise carried out by local government. Those listed do not necessarily encompass all provided, but the services mentioned and the number of times they were cited include: snow removal (197), roads (166), lighting (150), garbage

removal (136), water (17), sewer (13), and miscellaneous (5), such as fire protection, senior shuttle, gas, wells. One hundred forty five assessors of the 231 noting park services do not account for the services when assessing the parks. Sixty-two assessors, 23%, do consider these services, with 44 of them stating that they lower assessments and 3 raising assessments. The remainder did not specify.

The frequency of changing mobile home park assessments was another question put to the survey respondents. The most common response by 29% was "as inventory changes." Twenty four percent, 63 assessors, said they only occasionally change park assessments, with the frequency not specified. Another 24% change assessments at regular intervals of between 2 and 5 years. Nineteen percent do annual assessments using market sales or some other specific appraisal method while another 8% do annual updating but by trending only. Four percent said they updated during a revaluation; another 4% never update mobile home parks. Forty two of these responses were in various combinations, such as those who do periodic revaluations with inventory changes made in between. The great majority, 88%, said that mobile home parks are updated with the same frequency as residential, commercial and vacant land. Of those noting a different frequency of assessments for mobile home parks, 16 assessors said there are no sales or changes in parks, 5 noted more frequent changes, and one other mentioned no staff and low pay.

SEPARATE ASSESSMENT

In 1954, New York State law was amended to provide that mobile homes were to be considered real property and includable in the tax assessment of the land on which they were located (regardless of whether the owner of the land is

the owner of the trailer(s) on the land, as in a mobile home park). The exception to this is that if either the trailer or the land on which the trailer is located is entitled to an exemption, the trailer is required to be separately assessed from the underlying land (RPTL §102(12)(g)).

In 1976, legislation had been introduced to mandate separate assessment where there is separate ownership of the land and mobile home. It was not enacted but is again at issue. Separate assessment would allow mobile home owners the opportunity to know their tax liability and grieve it directly. At present, the property taxes on the mobile home value are paid indirectly as part of the rent payments to the park owner and are often not known to the mobile home owner. The landowner has less incentive to grieve if taxes are inequitable, being able to pass along high taxes in rent charges. With separate assessment, mobile home owners might be conscious of any exemptions available to them and be more willing to apply for them. An income tax deduction for mobile home owners' property taxes is another issue. Mobile home owners would legally be eligible to declare an income tax deduction on their property taxes if the mobile homes were separately assessed.

As noted earlier, the primary focus of problems noted by mobile home owners in the 1987 legislative hearings relates to matters not directly concerned with property taxation. Legislative changes were proposed by mobile park residents which would offer enforcement to control "unconscionable" rent increases, short-notice evictions or rent increases related to the age of a mobile home and changes in the use of a mobile home park by the park owner. However, it is important to address the property tax issues among other considerations, in light of how they might impact upon evictions, rent increases and the sell-out of mobile home parks for other uses. In the recent Senate hearings many mobile

home residents expressed a lack of trust in the park owners and fear of losing their park site with no alternative sites available.

A representative of the Coalition of Mobile Home Owners interviewed by the SDEA Committee said she felt that mobile home values were based on age, model and size. However, she noted that rents among pads in parks are fairly uniform (either the assessor or the park owner is not distinguishing by value). She thought that mobile home owners would favor separate assessment if rent reductions could be guaranteed by law but that park owners might attempt to raise rents in anticipation of separate assessment accompanied by mandated rent reductions. She suggested consideration of the Emergency Tenant Protection Act, a local option law which sets up a county-level rent guideline board. She felt that park owners would support separate assessment because it would give them the opportunity to raise rents. This view was shared by a representative of the Attorney General's office. The park owners might have some legitimate cause to do so, given their net increase in costs when their claim to an income tax deduction on mobile home property taxes is removed.

In the survey of New York State assessors conducted by SDEA, assessors were asked how they felt about separate assessing of individual mobile homes in parks for all residents and for seniors and veterans eligible for exemption. Seventy percent disapprove for all residents, citing primarily the mobility of occupants, either moving or abandoning the trailer. They also cited collection problems, too much work; some said it is complicated or discriminatory. Some comments of several assessors, paraphrased below, describe the sense of disapproval expressed by the majority:

- The owner of a mobile home owns no real property.
- A disaster — how would you assess someone who is in a park for three months? Impractical.

- It would create a clerical nightmare.
- Parks are just another commercial venture.
- Crazy — increases everyone's workload; a lot of non-payment of taxes, no tax map identifiers.
- Park owners would not reduce rents so residents would effectively be double-taxed.

Only 17% approved, with equity as the principal reason. The equity concerns were expressed in different comments by approving assessors:

- It's unfair that someone with a mobile home worth \$20,000 pays the same taxes as one whose mobile home is worth \$10,000 to \$15,000.
- It works for mobile homes on private lots.
- It's more equitable relative to other home owners.
- It might enhance revenue.

One assessor expressing mixed feelings said it would be o.k. if park owners were liable for unpaid taxes, otherwise it would be a problem.

Forty-nine percent disapproved of separately assessing senior citizens and veterans for the same reasons. These assessors' negative comments describe their opinions:

- The amount of revenue to those exempt is not worth the effort required. If something is done for these people (seniors, veterans and others with exemptions), it should be done through the income tax.
- Assessments are low already.
- Most people who live in trailer parks have fairly good pensions or retirement programs.
- Trailers move too often; tax savings would be insignificant because trailer values are low; seniors would see a trade-off for an exemption in the case of parks which provide security and other amenities.

Thirty one percent approved of separate assessment for those with exemptions, principally for the sake of equity. Some of the approving assessors made statements such as these:

- If they are eligible, they should receive the exemptions. The majority of seniors don't know that the exemptions are available.
- Yes, but we need someone from the State to come down here to help us.

Some assessors expressed mixed feelings about separate assessment relating to exempt residents of mobile homes. They approved for one currently exempt group but not another. One assessor agreed that the groups were entitled to exemptions, but there is a need for special legislation to handle these because there is no lien on the trailers.

Nineteen assessors correctly noted that separate assessment is already required by law for those with exemptions. These 19 combined noted that about 950 seniors and about 1,100 veterans were already receiving exemptions in their towns. Seventy five percent were willing to estimate the percent of seniors in mobile homes; 52% said there were between 0% and 40%. Only 56% of the assessors would estimate the number of veterans, with 42% saying veterans comprised 20% or less of the mobile home park residents.

Assessors' opinions were about evenly split on whether park owners favored separate assessments (41% said yes, 38% no). The 41% of assessors who said yes gave some combination of these reasons why they felt park owners would favor separate assessment of the mobile homes.

- Reduced park operating expenses resulting in one or more outcomes, including less capital outlay and either reduced rents hence increased demand for park sites or the same rents and higher profits.
- Reduced workload for park owners.
- Less responsibility for park owners.

The 38% who thought park owners would oppose separate assessment gave several reasons:

- Record keeping problems; more work; loss of control, possible responsibility for unpaid taxes.
- Rent disputes, less demand for spaces.
- Loss of tax write-off; loss of revenue or ability to blame rent increases on tax hikes.

Five percent of the assessors had mixed opinions, noting some of the pros and cons cited above.

Fifty three percent (142 assessors) thought mobile home owners would not favor separate assessment. Eighty of these 142 assessors offered the reason that the residents favored the simplicity of a single (rent) bill and did not want added responsibility. Another forty assessors said that the mobile home owners would be concerned about an overall cost increase, either because their rent would not be reduced or because they felt they now had a low assessment. Only 23% (61 assessors) thought mobile home owners would prefer separate assessment. Twenty four of these 61 assessors noted that residents would be more aware of their tax liability. Another 21 said residents would feel it to be more equitable to be separately assessed. Five others mentioned perceived savings assuming lower rent followed. Twenty assessors felt the mobile home owners would have varied reactions, citing such fears as not getting rent reductions in spite of the greater equity.

TAX ENFORCEMENT

According to the current law in New York State, liability for real property taxes falls on the individual in whose name the real property is assessed. Therefore, mobile home park owners are statutorily liable for property taxes

levied against the value of the mobile homes in their park (except in cases of separate assessment due to exemptions). However, if separate assessment of all mobile homes in parks became the law, mobile home owners would be individually liable for the tax burden placed on their mobile homes. Local governments, at present, can fairly reliably expect to collect taxes due from a park by sending one bill to the park owner, who in turn has obtained the mobile homes' portion of taxes due as part of rent payments. The following table gives an estimate of the statewide total property taxes collected from mobile home owners in parks prior to tax exemptions. It is based on assessors' estimates of average mobile home value and number of occupied sites.

Table 3. Estimated Property Taxes Received from Mobile Home Owners in New York State Mobile Home Parks.

Weighted Average Market Value of Mobile Home	\$	16,000
Average Full Value Tax Rate	x	.04
Average Annual Tax per Mobile Home	\$	640
Estimated Number of Occupied Mobile Home Pads	x	107,500
Estimated Total Taxes Collected by Local Governments	\$	68,800,000*

*Exemptions have not been subtracted from this amount.

The question arises whether local governments would be as assured of collecting taxes due on mobile home values from individual owners.

The Coalition of Mobile Home Owners' spokesperson felt that tax enforcement would not be a problem under separate assessment since only 4% of mobile homes move more than once, at a substantial cost of \$1,000 or more.

However, New York State's rate of mobility may be higher due to lack of eviction protection. The mobile home park owners and manufacturers association spokesperson, representing about 12% of all parks in the state, concurred with this. Its representative said park owners would probably support separate assessment unless they would be liable for any taxes against the mobile homes. Mobile homes are usually financed as consumer loans at a relatively high interest rate over a 15 year term. If the mobile home owner abandons the home, the finance company would have to assume the tax debt when it repossessed the home. The park owners' representative thought that under separate assessment, park owners would be willing to notify assessors of arrivals and departures.

Government officials at most levels felt strongly that there would be a serious problem of keeping track of mobile home arrivals and departures from parks and of tax collection if mobile homes were separately assessed. Eighty one percent of the 267 assessors and 9 out of 10 of the County Directors surveyed felt tax collection would be a problem, primarily citing the mobility of the trailers or their occupants (for example, people who change jobs often, military personnel, seasonal occupants or young people who eventually move the trailer to private property). Assessors also noted the difficulty of tracking ownership of trailers: there is no system of sales reporting for mobile homes; it is difficult to keep track of trailer movement within parks; some park owners are uncooperative. Some were concerned about an increase in tax delinquencies wondering how and where a tax lien would be attached. One assessor noted that only a low down payment is required on trailers. Some owners might sell the trailer soon after purchase and leave the park. Some specific examples of problems were recounted: park owners who wait until after taxable status date

to bring trailers into the park; trailer owners who move out of parks prior to taxable status date and return after.

Seventy seven percent of the assessors and 9 of 10 County Directors surveyed felt that keeping track of mobile home arrivals and departures would be difficult. Suggestions were elicited. Thirty six assessors said they favored leaving the system alone. A little under half of those offering solutions felt their suggestions would ultimately prove fruitless citing workload, expense or lack of cooperation. Of the remaining 56%, many suggestions included a permit system for trailer or park owners with park owners' cooperation or tax liability (58 suggestions), periodic assessing (7), and Department of Transportation or other agency monitoring. One County Director suggested mobile home owners put money in an escrow account.

The concept of a permit to enable local officials to track trailer movement in and out of parks took various forms: these included exit/entry permits, building permits, licenses, registrations, certificates of occupancy and seals. A specific concept was for state permits for moving trailers on roads, with the state notifying local government of expected arrivals and departures. Two state agencies were contacted by the SDEA mobile home study committee to follow up on these suggestions. The Department of Transportation (DOT) requires a hauling permit when a home wider than 8'6" is moved on the roads. The agency estimated that 6,000 intrastate moves of mobile homes are processed annually in its central office. Each of the ten regional offices might process about 2,000 applications annually with about two-thirds of these being intrastate mobile home moves (data are not forwarded to central DOT). The mobile home owner's name is not required on the application. The DOT spokesperson said it would be very difficult for DOT to become responsible for collecting information about

ownership and for notifying local taxing authorities of arrivals and departures. They are barely keeping up with their workload now.

The New York State Department of Taxation and Finance was contacted to check into monitoring mobile home sales via records kept for the collection of sales tax (because of the absence of anything similar to the SDEA form, EA-5217 which is required to record sales of real property). The department receives only aggregate totals of taxable sales. There is no way to separate sales of mobile homes. The total figures received from a business include services and possibly other equipment not related to mobile homes.

**ASSURANCE THAT RENT REDUCTIONS TO MOBILE HOME OWNERS
WOULD ACCOMPANY SEPARATE ASSESSMENT AND TAX BILLING**

The current Real Property Tax Law requires separate assessment and tax billing of mobile homes where there are exemptions. There are no provisions which ensure any lowering of rent to the property owners upon their receipt and payment of the lowered tax bill even though this would lessen the tax responsibility of the park owner.

As stated earlier, the mobile home owners' representative felt that park owners might attempt to raise rents in anticipation of having to provide rent reductions to residents separately assessed and billed. In many localities, they virtually have a captive market. In the SDEA mobile home survey, 81% of the assessors reported zoning or building restrictions on locating mobile homes in their municipalities. According to the survey, there is a 94% average occupancy rate in mobile home parks. Some form of regulation to ensure rent reduction would be needed. The Attorney General's office is supporting legislation to guarantee rent reductions where exemptions for mobile homes are involved. The legislation would grant an administrative fee (equal to one percent of the

exemption) to park owners for rent reduction bookkeeping. Violation of the guaranteed rent reduction could result in a \$1,000 fine per incident to the park owner. (The 1984 Consumer Protection Bureau survey of 228 mobile home parks in the Capital District found that 84% of the park owners surveyed were not complying in one or more ways with Sections 233 and 236 of the Real Property Law, which defines protection to mobile home park residents.)

Only 19 assessors out of 267 interviewed in the SDEA mobile home survey reported current senior or veterans exemptions in their municipalities (946 seniors and 1,072 veterans). This represents about 5% of the estimated senior-occupied mobile homes and 9.5% of the veterans' mobile homes in parks. Of the 994 cities and towns in the state, 84% currently offer senior exemptions and all offer veterans exemptions. Based on survey responses, it appears that eligible mobile home owners are either unaware of exemptions or choose not to claim them.

The average exemption for income qualified senior citizens in New York State is 43% of their tax bill. With the estimated average annual tax bill for a mobile home of \$640 (based on the weighted average value of \$16,000 for a mobile home estimated in the survey), the average senior exemption is about \$275. The percent of seniors was estimated in the mobile home survey to be between 24% and 43% of the occupied park sites. Therefore, if all seniors in participating cities and towns were eligible and applied for their exemptions, it would result in annual senior exemptions of between \$6 million and \$10.7 million, which would be shifted to other taxpayers. Similarly, the average veteran's exemption is 27% of their tax bill, amounting to \$173. Veterans were estimated in the survey to comprise between 9% and 29% of mobile homeowners in parks. If all took their exemptions, these total annual exemptions would be between \$1.7 million and \$5.3 million.

The interviewed assessors were asked to give their opinion of whether park owners would grant equivalent rent reductions to trailer owners entitled to reduced taxes because of exemptions or homestead status. Sixty one percent said no, offering reasons including profit motive (47 responses), workload (32), park owners held in low esteem (29), a sellers' market (30) or past experience (7).

Some assessors expressed their negative opinions as follows:

- Last year, county taxes were reduced to zero because of a big sales tax surplus. In (our town), all apartment house owners refunded to tenants the portion of rent that reflected the county tax. None of the mobile home park owners refunded any portion of their rents.
- Park owners raised rents more than were justified by the tax increases.
- Actual tax liabilities are ignored in setting rents.
- Park owners would reduce rents only if policed, but enforcement is not feasible.
- Park owners claim they are losing money now; they would not reduce rents further.
- There was a similar experience with rental space in malls; the rents were unchanged despite a tax reduction.
- It would be too much work; record keeping problems; would require a rent increase to administer.
- Nothing goes down in price; it's human nature.

Only 17% thought the rent reductions would be forthcoming, by enforcement (11 responses), because of the honesty of park owners (9), it is now happening (4) or the owners said they would (4). Five percent had mixed feelings. The remainder would not speculate.

Of the ten County Directors interviewed, three clearly disagreed that park owners would grant the rent reduction. One stated that park owners wouldn't want to give up any income; another said that they are greedy people. The third

said people buy income property to produce income — not benefit mankind. One County Director gave a definite yes, stating they should and would lower rents. The remaining six gave qualified yes or no answers. Three of these said there would be some rent reduction but less than the full amount of the tax deduction. The other three said the rent reduction would occur if it could be tracked or enforced or the homeowners knew the amount of the tax reduction.

Based on a later request by legislative staff members, the ten County Directors surveyed were asked their opinion of providing a tax abatement based not only on the value of the mobile home but also the land apportioned to a senior or veteran's mobile home. Seven County Directors were strongly opposed, noting added workload and complications for minimal gains. One of the two approving gave a qualified yes. Only one gave no opinion.

APPROPRIATENESS OF INCLUDING MOBILE HOMES IN THE HOMESTEAD CLASS

Municipalities which have been granted status as an approved assessing unit are those which have been "certified by the State Board as having completed a revaluation which is in conformance with the Board's rules and regulations" (RPTL §1901(d)). Such municipalities may apply for differential real property tax shares for homestead and non-homestead properties. Establishment of a homestead class allows for a lower tax rate to be applied primarily to residential dwellings of 3-family units or less. Only those mobile homes which are separately assessed and owner-occupied are eligible to be classified as homestead (RPTL §1901(e)(2)). By definition, within mobile home parks this encompasses only those owner-occupied mobile homes which are eligible for exemptions since all other mobile homes must be included in the assessment of the land on which they are located.

At the present time, 33 municipalities statewide have received approved assessing unit status. Twenty-one of these have adopted the homestead/non-homestead tax rates applicable to their jurisdiction. Seven additional localities have received conditional approval status and eight localities have submitted their notice of intent to apply for approval. Thus, only a total of 48 out of almost one thousand cities and towns are currently involved with some phase of eligibility for the homestead status. It is not unusual, therefore, that in the mobile home survey of assessors, 58 percent (156 of the 267 respondents) had no opinion about giving homestead tax rates to mobile home parks in localities where the homestead status applies.

The assessors were asked to choose from among three possible options. Of the 111 assessors offering an opinion, only two recommended granting the homestead tax rate to both park land and mobile homes, stating that mobile home parks are more like property in the residential class than not. Ten others favored allowing the homestead tax rate for mobile homes but not for the park land. Half of these stated their reason as equity between mobile homes and other residential property. One cited equity between mobile homes in parks and those on private land, which are now eligible. Almost all of those responding, 99 of the 111 assessors, favored continuing the status of mobile home parks as non-homestead (commercial) property. Three assessors said their municipalities had rejected the homestead status: one of these because of the tax impact on the non-homestead class, particularly farmers, a second because of equity concerns and the third, because of administrative problems. Equity concerns were the reason expressed by 32 of these 99 assessors in various ways: it would cause a reversion to pre-revaluation inequities; parks rightfully fall into the commercial property class; the assessor disapproves of special treatment or additional

exemptions; park owners might not pass along the homestead tax savings to the mobile home owners; the mobile home owners do not own the land on which the home is located. Ten assessors cited administrative concerns for not changing to homestead status. The reasons included too much work, "total confusion" and the current (one-bill) system gives the municipality greater control over tax collection.

Five of the ten County Directors had no opinion on the question of homestead status for mobile home parks. Four County Directors would give the homestead status only to the mobile homes, leaving the park non-homestead. They said that this seemed to be the natural division, although one acknowledged it would be difficult to administer. The final County Director wants to leave the current status of all parks and mobile homes as non-homestead. He felt that parks are a business and the mobile home owners are renters; the homestead status would be unworkable.

Two court cases relating to the homestead status of properties across assessing units have implications for not allowing a local option in classifying mobile homes in parks as homestead or non-homestead. The Court of Appeals in Foss v. City of Rochester⁷, struck down as unconstitutional under the equal protection clause part of the Real Property Tax Law regarding cities and towns approved for the homestead/non-homestead dual tax rate structure. It was found unconstitutional to apply the homestead tax rate to county properties within the city limits while similar properties in the county but outside of the city were not similarly taxed.

⁷ Foss v. City of Rochester, 65 N.Y.2d 247, 480 N.E.2d 717, 491 N.Y.S.2d 128 (1985).

In the case of Verga v. Clarkstown,⁸ the Appellate Division extended this finding to condominiums. It found that inclusion of condominiums in the homestead class in certain assessing units in Rockland County but as non-homestead in other assessing units was unconstitutional as it related to the county tax levy. The Verga case based its decision on the Foss case.

CONCLUSIONS

Mobile Home Park Profile

1. Based on the survey of assessors conducted for this study, there is an estimated 114,000 mobile homes in parks in New York State which represent between 70% and 80% of all mobile homes in the state. The average occupancy rate of mobile home pads in parks is 94%.
2. While figures are not available to provide a profile of mobile home park residents, the 1980 Census does provide some information regarding the total population of mobile home owners. In 1980, approximately 20% of mobile householders were over 65 years old. The median income for owner-occupied mobile homes was \$12,900, with approximately 12% below the official poverty level at the time.
3. The comments of mobile home park residents indicate that their primary concerns involve eviction protection, the right of "first refusal" if parks are being sold and enforcement of laws providing for leases, reasonable rent increases and other safeguards not related to issues of property taxation.

⁸ Verga v. Clarkstown, A.D.2d, 525 N.Y.S.2d 272 (2d Dept 1988).

4. With regard to property taxation, assessors felt that the majority of mobile home owners would prefer to continue the simplicity of paying their taxes through a single (rent) bill. Separate assessment would be favored by some if a rent rebate could be guaranteed. Assessors were almost evenly divided about park owners' reactions: half feeling park owners would favor separate assessment if they were not liable for tax defaults by residents, half believing park owners would not like the extra work or loss of control.

Valuation of Mobile Home Parks

1. New York State law does not prescribe any particular method of valuing real property for local assessment purposes. Courts have long recognized that the three approaches to value, market, cost and income, are to be considered.
2. Slightly more assessors surveyed use an average value for mobile homes than do individual assessments. Of the three valuation methods, 51% indicated they used market sales, 48% use cost and 23% use income. One third compare park land with commercial property, 30% with vacant and 14% with residential. Approximately 48% of assessors surveyed do not change assessments in parks on any regular basis.

Separate Assessment of Mobile Homes

1. Mobile homes in New York State have been treated as real property for tax purposes since 1954, when the Tax Law was amended to provide that mobile homes be considered real property and included in the tax assessment of the land on which they are located (regardless of whether

the owner of the land is the owner of the mobile home — i.e., mobile home parks). The exception to this provision is that if either the mobile home or the land on which it is located is entitled to an exemption (e.g., senior citizen, veteran), the mobile home is required to be separately assessed from the land.

2. Benefits of separate assessment for mobile home residents might include a clearer ability to know and grieve an assessment, greater awareness of exemptions, an income tax deduction for property taxes and greater equity in the valuation of mobile homes.
3. Mobile home owners' concerns about separate assessment include no guarantee of a rent reduction or the possibility of an increase in rent, also the added complexity of paying both rent and tax bills.
4. Assessors' concerns about separate assessment include tax collection problems and the possible loss of tax revenue due to mobility of occupants, added workload, complications for park owners and local governments and misclassification of a commercial enterprise.
5. Seventy percent of the assessors surveyed disapprove of separate assessment for all residents; 17% approved. Where exemptions are concerned, 49% disapprove of separate assessment for seniors and veterans while 31% were in favor. About 950 seniors and 1,100 veterans in the surveyed municipalities are now estimated to be receiving exemptions.

Tax Enforcement

1. Under current New York State law, liability for real property taxes falls upon the individual in whose name the real property is assessed. Therefore, mobile home park owners are statutorily liable for the property taxes levied against the value of the mobile homes in their parks except in cases of separate assessment due to exemptions. Tax collection is fairly reliable due to the fixed nature of the park. The estimated total property tax collected from mobile home owners in New York State mobile home parks (not accounting for exemptions) is \$68.8 million.

2. The tax collection problems resulting from extensive separate assessment of mobile homes would require a system of tracking arrivals and departures of mobile homes or new owners. The great majority of officials of state agencies and local government were concerned that such a system would be unworkable.

Rent Reduction Assurances Following Separate Assessment

1. While the Real Property Tax Law requires the separate assessment of mobile homes where exemptions are involved, there are no provisions which ensure any lowering of rent to the exempt mobile home owner.

2. The high average occupancy rate (94%) in parks accompanied by multiple local government restrictions on mobile homes and parks cited by 81% of the surveyed assessors creates a seller's (mobile park owner's) market.

3. Sixty one percent of the assessors interviewed gave the opinion that rent reductions would not accompany reduced property taxes resulting from exemptions or homestead status. This compares with 17% who believe that rent reductions would occur.
4. Only 19 assessors out of 267 interviewed said that seniors or veterans in mobile home parks were currently receiving exemptions. This represents about 5% of the estimated seniors' and 9.5% of the estimated veterans' mobile homes in the study.

Homestead Status Regarding Mobile Home Parks

1. In the existing tax law, Real Property Tax Law Section 1901(e)(2), only those mobile homes which are owner-occupied and separately assessed are eligible to be classified as homestead. This definition encompasses individual mobile homes on owner-occupied land. However, it encompasses only those mobile homes in parks which are owner-occupied and eligible for exemptions, since all other mobile homes must be included in the assessment of the land on which they are located (RPTL §102(12)(g)).
2. Recent court cases (Foss v. City of Rochester and Verga v. Clarkstown), by implication, would not permit allowing a local option for a municipality regarding the granting of a homestead status to mobile home park residents. The status would have to apply uniformly; either all jurisdictions must classify park residents as homestead or all as non-homestead.

3. Only 48 out of 994 cities and towns are currently involved in some phase of eligibility for homestead status.
4. The limited application of the homestead rate was reflected in the responses to the survey questionnaire, with 58% (156 out of 267 responses) offering no opinion regarding the inclusion of mobile homes in parks within the homestead class. Of the 111 assessors offering an opinion, 99 (89%) favored continuing the status of mobile home parks in the non-homestead class. Among the reasons given to continue the status were: mobile home parks rightfully fall into the commercial class of property; park owners might not pass along the homestead tax savings to mobile home owners; assessors disapproved of special treatment or additional exemptions; expansion of the homestead class could negatively impact on the non-homestead class, such as farmers.

RECOMMENDATIONS

1. **Valuation of Mobile Home Parks**

There are no recommended changes to law which would prescribe the valuation methodology for mobile home parks. However, the State Board should consider preparing a publication for assessors detailing the three valuation methods as they could be applied to mobile homes and mobile home parks, including the underlying land values.

2. **Separate Assessment of Mobile Homes in Parks**

Continue the current provisions of law which require the assessing and tax billing of mobile home parks as one parcel, with only those mobile homes therein which are eligible for an exemption to be separately assessed.

Exemptions would continue to be granted only to those eligible mobile home owners who apply for them.

3. Tax Enforcement

The existing laws on tax enforcement do not need to be changed specifically for mobile homes. If separate tax billing in mobile home parks were mandated on a broader scale than currently exists, the tax enforcement provisions would need substantial revision.

4. Rent Reductions Following Separate Assessment and Tax Billing

By statutory amendment, require the park owner to provide mobile home owners who are separately assessed and taxed a rent reduction or rent rebate equivalent to their full tax liability prior to any exemption. The rent reduction or rebate would be due upon the presentation of a property tax bill showing the total assessed value (before exemption) of the mobile home and the applicable tax rates. If any of these figures do not appear on the tax bill, the taxing jurisdiction would be required to provide them to the exempt mobile park resident. A fee of 1% of the exempt mobile home's full tax bill could be deducted from the rebate by park owners to cover their administrative costs. The park owner would be liable for a fine double that of the full tax bill on the exempt mobile home if the rent reduction were not forthcoming.

5. Homestead Status Regarding Mobile Home Parks

The court decisions in Foss v. City of Rochester and Verga v. Clarkstown suggest that all similar mobile homes must be classified alike, either all in the homestead or all in the non-homestead class. The homestead class

applies primarily to residential dwellings of 3 family units or less. An individual mobile home on owner-occupied land would belong in this definition. These residential class mobile homes should continue to be granted the homestead status if located in an approved assessing unit which adopts the homestead classification. Mobile homes in mobile home parks are situated on commercial property. The terminology in section 1901(e)(2) of the Real Property Tax Law would grant the homestead status to exempt mobile home owners in parks, but not all other park residents. This language does not meet the constitutional test of the Foss decision. The law needs to be clarified so that mobile homes in mobile home parks are uniformly in the non-homestead class.

APPENDIX A

TELEPHONE SURVEY OF ASSESSORS, AUGUST 1988

RESULTS OF MOBILE HOME PARK STUDY

NUMBER OF MUNICIPALITIES CONTACTED: 276*

<u>Region</u>	<u>Total Municipalities w/ Mobile Home Parks</u>	<u>Attempted to Survey</u>	<u>Surveyed</u>	
			<u>Number</u>	<u>Percent</u>
Western	181	72	66	36%
Central	190	98	90	47%
Northern	156	77	72	46%
Southern	94	47	43	46%
Metropolitan	<u>8</u>	<u>5</u>	<u>5</u>	<u>62%</u>
	629	299	276	44%

* 267 assessors were surveyed; one is a county assessor who represents 10 municipalities. The 276 municipalities contain 1,846 of the 2,668 mobile home parks listed on the 1986 New York State assessment rolls, or 69% of the statewide total number of pads.

Phone: (w) () _____
 (h) () _____

County: 56 out of 57 with parks

TELEPHONE SURVEY OF ASSESSORS, August 1988
RESULTS OF MOBILE HOME PARK STUDY

A. NUMBER OF MOBILE HOME PARK RESIDENTS

1. How many mobile home parks are located in your town (or city)? 1,473

Statewide: 1473 reported out of 1835 listed on 1986 assessment roll for 276 assessing units contacted in the survey.

2. Approximately what is the total number of mobile home pads in all parks within your town (or city)? 63,145

63,145 pads estimated in the 1,473 parks reported in the survey.
 Estimated average: 43 pads per park.

3. What is the approximate occupancy rate in the parks?

Percent Responses

1%	a.	<u>4</u>	0-50%
3%	b.	<u>7</u>	51-75%
24%	c.	<u>63</u>	76-95%
69%	d.	<u>184</u>	96% +
3%		<u>9</u>	N.A.

4. About how many of the trailers in parks are rented rather than owned by the occupant?

74%	a.	<u>197</u>	0-25%
7%	b.	<u>19</u>	26-50%
2%	c.	<u>5</u>	51-75%
7%	d.	<u>19</u>	76% +
10%		<u>26</u>	N.A.

N.A. = not answered or does not apply

B. VALUATION METHODS

Percent Responses

1. How do you assess mobile home parks?
- | | | | | |
|-----|---------------|--|-------------|-------------------------|
| 46% | a. <u>123</u> | park and mobile homes individually assessed but entered collectively as a single parcel (one tax bill to park owner) | | |
| 3% | b. <u>7</u> | land and structural improvements only with mobile homes not valued (one tax bill to park owner) | | |
| 48% | c. <u>127</u> | land and estimated average value to each mobile home (one bill to park owner) | | |
| 1% | d. <u>4</u> | park separately and individual assessment of each mobile home owner (multiple tax bills) | | |
| | | | <u>Code</u> | <u>No. of Responses</u> |
| | | | 270 | 3 |
| | | If (d), what property class code is used for mobile home? | 416 | 1 |
| 5% | e. <u>13</u> | other specify <u>Separate assessment of mobile homes with exemptions (6); flat rate (3); county sales or recommendation (2); reval in '86 (1).</u> | | |
2. Which valuation methods are used to appraise mobile home parks?
- | | | | | | |
|-----|---------------|---|--------------|-------------|-------------|
| 51% | a. <u>136</u> | market sales comparison | $a+b+c = 16$ | $a+b+d = 1$ | $a+d = 4^*$ |
| 48% | b. <u>127</u> | cost approach | $a+b = 45$ | $b+c = 11$ | |
| 23% | c. <u>62</u> | income approach | $a+c = 10$ | $c+d = 1$ | |
| 15% | d. <u>41</u> | other specify <u>Flat rate (20); average value of trailer (9); "rule of thumb" (3).</u> | | | |
3. If cost approach, which cost publications are used to value the mobile home? Check all that apply.
- | | | | | | |
|-----|---------------|--|-------------|-----------|-----------|
| 9% | a. <u>23</u> | NADA | $a+b+c = 1$ | $a+c = 3$ | $a+d = 2$ |
| 11% | b. <u>29</u> | Marshall Swift | $a+b = 5$ | | $b+d = 5$ |
| 8% | c. <u>22</u> | Boeckh | | $b+c = 4$ | $c+d = 3$ |
| 26% | d. <u>70</u> | other specify <u>State publications (36) [Local Assessors Handbook (27)]; Revaluation contractors' manuals (17); cost manuals (6); mobile home dealers (4); County Director (3); local sales and costs (2); FHA (1); Trailer Value = site value (1).</u> | | | |
| 50% | e. <u>133</u> | does not apply | | | |

* Note: Combination responses, example: $a+d = 4$ means that four assessors checked both answer a and answer d. Causes total responses for a question to exceed 100%.

Percent Responses

4. If cost approach, which cost publications are used to value other improvements?
Check all that apply.
- | | | | | | | |
|-----|----|-----------|----------------|-------------|-------------|-----------|
| 4% | a. | <u>10</u> | NADA | $a+b+c = 1$ | $a+c = 2$ | |
| 14% | b. | <u>38</u> | Marshall Swift | $a+b = 3$ | $b+c+d = 1$ | $b+d = 6$ |
| 8% | c. | <u>21</u> | Boeckh | | $b+c = 5$ | $c+d = 2$ |
| 21% | d. | <u>56</u> | other | | | |
- If other, specify State publications (30) [Local assessors hand-book (25)]; Revaluation contractors' manual (14); cost manual (4); Miscellaneous (M.H. dealers, site value, bldg. permits, county, own judgement) (8).
- 58% e. 154 does not apply
5. When analyzing mobile home park land value, what type of comparable land sales do you use?
- | | | | | | | |
|-----|----|-----------|-----------------------|-------------|-----------|--|
| 33% | a. | <u>89</u> | commercial land only | $a+b+c = 5$ | | |
| 18% | b. | <u>49</u> | residential land only | $a+b = 6$ | | |
| 30% | c. | <u>81</u> | all vacant land | $a+c = 2$ | $b+c = 4$ | |
| 10% | d. | <u>26</u> | other | $a+d = 3$ | $b+d = 1$ | |
- If other, specify Other mobile home park sales (10); mobile home land -- with or without improvements (6); waterfront property (4); miscellaneous (6).
- 14% e. 37 none
6. When analyzing mobile home park value, are comparable sales of parks taken from
- | | | | | | | |
|-----|----|-----------|-------------------------------|-------------|-----------|-----------|
| 24% | a. | <u>64</u> | only in your town (or city) | | | |
| 26% | b. | <u>70</u> | your town and adjoining towns | $b+c+d = 1$ | | $b+f = 1$ |
| 15% | c. | <u>39</u> | entire county | | $b+c = 2$ | |
| 3% | d. | <u>9</u> | entire state | $a+d = 1$ | | $c+e = 2$ |
| 2% | e. | <u>6</u> | other | | | |
- If other, specify Neighboring counties (4); all listed (2).
- 29% f. 78 none

C. ASSESSING PRACTICES, EXEMPTIONS & OPINIONS

Percent Responses

1.a Do the mobile home park owners in your town (or city) provide services normally provided by local government (i.e. roads, lighting, garbage removal, snow removal, etc.)?

87% = 231 yes 12% = 31 no 0.5% = 1 mixed 1.5% = 4 N.A.

If yes, which services? Snow (197); roads (166); lights (150); garbage (136); water (17); sewer (13); other (fire, senior shuttle, gas) (5).

b. If so, do you allow for this fact when assessing mobile home parks?

a. 23% = 62 yes 54% = 145 no 22% = 59 does not apply .4% = 1 mixed

If yes, how? Lower assessment (44); raise assessment (3); not specified if raised or lowered (8).

2. How frequently do you change assessments on mobile home parks?

19%	a. <u>50</u>	annually, by market sales analysis or other appraisal method	a+f = 3
8%	b. <u>22</u>	annually, by trending value only	
24%	c. <u>64</u>	every <u>X</u> years X = 1 : 1 Response b+c = 1 e+f = 19	
		2 : 23 Responses	
24%	d. <u>63</u>	only occasionally 3 : 19 Responses d+f = 14	
		4 : 14 Responses	
4%	e. <u>10</u>	never 5 : 6 Responses e+f = 5	
		10 : 1 Response	
35%	f. <u>94</u>	other	

If other, specify As inventory changes (77); with revaluations (12); at request of property owner (1); no recent update (1).

3. Is this frequency consistent with the way you update assessments on residential, commercial, and vacant land properties in your jurisdiction?

a. residential	<u>237</u> yes	<u>23</u> no	<u>7</u> N.A.
b. commercial	<u>234</u> yes	<u>25</u> no	<u>8</u> N.A.
c. vacant land	<u>235</u> yes	<u>24</u> no	<u>8</u> N.A.
	= 88%	= 9%	= 3%

If no, why? No sales or change in parks = less frequent changes (16); more frequent change in parks (5), no staff, low pay (1); miscellaneous (2).

Percent Responses

4. Approximately what percent of mobile home owners in parks in your town (or city) are senior citizens?

31%	a.	<u>82</u>	0-20%
21%	b.	<u>55</u>	21-40%
17%	c.	<u>46</u>	41-60%
4%	d.	<u>10</u>	61-80%
2%	e.	<u>6</u>	81-100%
25%		<u>68</u>	N.A.

5. Approximately what percent of mobile home owners in parks in your town (or city) are veterans?

42%	a.	<u>111</u>	0-20%
11%	b.	<u>29</u>	21-40%
3%	c.	<u>9</u>	41-60%
0%	d.	<u>0</u>	61-80%
0%	e.	<u>0</u>	81-100%
44%		<u>118</u>	N.A.

6. Are any of the mobile home park residents currently receiving senior citizen or veterans' exemptions? If yes, what is the approximate number and percent of total park residents receiving the following exemptions?

		<u>Exemptions Received</u>		<u>Number</u>	<u>Percent</u>
a.	senior	<u>19</u>	yes <u>242</u> no	<u>946</u>	_____
b.	veterans	<u>19</u>	yes <u>241</u> no	<u>1,072</u>	_____

7. What is the average market value and assessment of a mobile home in the parks in your town (excluding land value)?

		<u>Median</u>	<u>Mean</u>	<u>Weighted* Mean</u>	<u>Range</u>
a.	Market Value:	\$10,000	\$12,500	\$ 16,000	\$2,000 - \$75,000
b.	Assessed Value:	\$ 3,863	\$5,500	--	\$ 150 - \$45,000

* by number of trailer pads in municipalities.

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8. Currently are there any zoning or building codes which restrict the location of mobile homes in the town?

81% = 217 yes 17% = 45 no 2% = 5 N.A.

If yes, what type? Park restrictions (107); Zoning (67); Park moratorium (28); New park special approval (7); Minimum lot size (5).

Mobile Home restrictions (105); Zoning (48); Minimum lot size (35); Building codes (14); Mobile home moratorium (7); Deed restriction (1).

Park and Mobile Home restrictions (2): multiple restrictions.

9. What is your opinion of separate assessment and tax billing of individual mobile homes in parks?

- a. For all residents.

17% = 44 approve 70% = 188 disapprove 12% = 31 no opinion
2% = 4 mixed

Why?

Disapprove (178): mobility of occupants (45); enforcement/ collection problems (44); too much work (42); complicated (37); discriminatory (10).

Approve (44): Equity (40); already doing it (2); revenue enhancer (2).

Mixed (4): Equity but more work

- b. For residents eligible for senior or veterans exemptions.

31% = 82 approve 49% = 130 disapprove 16% = 44 no opinion
1% = 2 mixed

Why?

Disapprove (113): Too much work (29); complicated (21); discriminatory (21); mobility (19); enforcement (16); too many exemptions (7).

Approve (71): Equity (52); already required (19).

Mixed (11): Seniors, yes but vets no (5); yes but more work (5); yes, but park owners pay if taxes unpaid (1).

Percent Responses

10. Which of the following expresses your opinion of giving homestead tax rates to mobile home parks in localities where the homestead/non-homestead status applies?
- 1% a. 2 Give homestead tax rate to both park land and mobile homes
- 4% b. 10 Give homestead tax rate only to mobile homes; leave the park land at non-homestead rate
- 37% c. 99 Leave current status of both land and mobile homes at non-homestead tax rate
- d. Why? With a: Equity (2); With b: Equity (7); With c: Equity (32); Administration (10); town rejected homestead (3).
- 58% e. 156 No opinion

11. Do you think there would be a problem of tax collection if mobile homes in parks were assessed and billed individually (i.e., separate from the park owner)?

81% = 217 yes 14% = 38 no 1% = 1 mixed 4% = 11 N.A.

If yes, why? "Yes" responses (203); Trailer/occupants' mobility (152); Loss of revenue (36); too much work (13).

12. Do you think there would be a problem keeping track of the arrival and departure of mobile homes from a park for tax collection purposes?

77% = 205 yes 19% = 51 no 1% = 1 mixed 4% = 10 N.A.

If yes, how would you suggest solving the problem?

Action suggested (75): Park/trailer owner get permit, park owner liable for taxes; cooperate with assessors (58); separately assess trailers periodically (7); DOT or other monitor/clear trailers on tax payment (10).

Action won't work (58): leave system as is (36); permit may not work (expense, work for park owner/assessor, no cooperation); there is no solution (22).

13. Do you think the typical mobile home park owner/operator would favor separate assessment and billing of mobile homes?

41% = 110 yes 38% = 102 no 5% = 14 mixed 16% = 41 N.A.

Why?

Yes (102): Reduce oper. expense (46); less work (39); less tax responsibility (30)

No (86): Record keeping (26); profit loss (14); park owners want control (10); responsible for unpaid taxes (18); favor as is (12); blame for rent hike (6).

Yes & No (14): Net income effect; less tax/work but responsibility for unpaid taxes.

14. Do you think the typical mobile home owner would favor separate assessment and billing of mobile homes?

23% = 61 yes 53% = 142 no 8% = 20 mixed 16% = 46 N.A.

Why?

Yes (52): Equity (21); tax liability awareness (24); reduce tax (5); have it (2)

No (122): Simplicity of one bill (83); perceived cost increase (39); park owner tried and mobile home owners opposed it (1)

Yes & No Combinations (20)

15. If senior or veterans exemptions, or homestead tax reductions were offered to mobile home park residents by way of lower tax bills to the park owner, do you think that most park owners in your town (or city) would grant an equivalent rent reduction to the trailer owners?

17% = 45 yes 61% = 164 no 5% = 12 mixed 17% = 46 N.A.

Why?

No (130): profit motive (47); workload (32); park owners held in low esteem (29); sellers' market (30); past experience (7).

Yes (30): by enforcement (11); honesty of park owners (9); now happens (4); owner said so (4).

Yes & No Combinations (13)

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APPENDIX C

The following letter has been received from the NYS Division of Housing and Community Renewal (DHCR) with recommendations based upon its review of a draft copy of this report. Since the comments were received by the Division of Equalization and Assessment after the final text of the report had been completed, they are entered as received in this appendix.

The Division of Equalization and Assessment is in agreement with the Division of Housing and Community Renewal's suggestion that it be designated to enforce the rent reduction guarantees proposed in the report. This is a reasonable recommendation since DHCR is currently beginning to gather a register of all mobile home park residents to carry out its task of enforcing section 233 of the Real Property Law regarding mobile home park residents' rights.

DHCR's second suggestion is to notify park owners of tenants eligible for rent reductions or rebates resulting from an exemption. Current law stipulates that one tax bill be sent to a mobile home park owner which includes payment of taxes due on the value of each mobile home in the park, unless a mobile home in the park has an exemption. In this case, that mobile home must be separately assessed and billed.

E&A agrees with DHCR's suggestion and recommends that the best course of implementation would be a general, one-time notice sent by DHCR to all mobile home park owners in the state. The notice could announce that a rent reduction would be due to any tenant who presents a copy of the current tax bill payable by the tenant instead of the park owner, as a result of a tax exemption granted to the tenant. The tax bill would show the full assessed value of the exempt mobile home and any tax rates from taxing authorities which allow the exemptions. The rent reduction or rebate should total the value of the full tax

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bill which no longer must be paid by the park owner, that is, the full assessed value of the exempt trailer prior to any exemption multiplied by the tax rates of the taxing jurisdictions granting the exemption.

In most localities, the present form of the tax bill already shows all the information needed to provide the rent reductions. However, some municipalities not using standardized forms may be required to list one or more additional items, such as the full assessed value of an exempt trailer. There should be no further obligation placed upon the local assessor or taxing authority to send separate notices to each park owner regarding tax exemptions granted to tenants.



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RICHARD L. HIGGINS
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December 29, 1988

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Attention Barbara Murphy

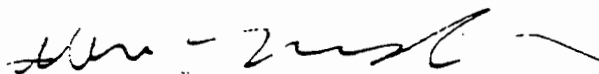
Dear Mr. Clifford:

Per your request DHCR has reviewed the draft copy of the report on the assessment and taxation of mobile homes provided by your office. Our review indicates that the study is well thought out and reasonable, our only recommendation involves "rent reductions following separate assessment and tax billing."

We feel that any statutory amendments providing for rent reductions should also include amending section 233 of the NYS Real Property Law to include a provision guaranteeing such reductions. Subdivision V of Section 233 empowers DHCR as of April 1, 1989, to enforce and ensure compliance with the provisions of this section, thereby ensuring that any appropriate reductions not forthcoming be handled by DHCR's statewide Mobile Home Complaint Program. We also recommend that any statutory amendments should provide for the notification of the Mobile Home Park Owner when a tenant has been granted a tax reduction, the amount of the reduction, as well as notification of their obligation to reduce their rent accordingly and the methodology for doing it.

By incorporating these changes statutorily DHCR feels that tenants deserving of rent reductions under the law will be provided with the best opportunity for getting it.

Sincerely,


Ilene S. Frisch
Director, Management Evaluation
and Planning