

Legislative Analysis



MANUFACTURED HOUSING

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House Bill 4106 (Substitute H-2)
House Bill 4111 (Substitute H-3)
House Bill 4868 (Substitute H-5)
House Bill 4869 (Substitute H-4)
Sponsor: Rep. Ruth Ann Jamnick

House Bill 4879 (Substitute H-1)
House Bill 4880 (Substitute H-6)
House Bill 4882 (Substitute H-2)
House Bill 5844 (Substitute H-1)
Sponsor: Rep. Randy Richardville

House Bill 5034 (Substitute H-2)
House Bill 5035 (Substitute H-4)
Sponsor: Rep. Matt Milosch

Committee: Local Government and Urban Policy
First Analysis (5-27-04)

BRIEF SUMMARY: The bills would do the following:

** The annual specific tax on manufactured homes in parks would increase by \$18 per year, from \$36 to \$144 by 2010. This would be accomplished by repealing the current specific tax and creating a new Manufactured Housing Specific Tax Act, which itself would be repealed on December 31, 2010. One-half of the new specific tax would be collected in July and one-half in December, with the revenue to be distributed to local schools, the county, the local unit of government, and the State School Aid Fund. (House Bill 4880 would create the new specific tax act.)

** After December 31, 2010, manufactured housing would become subject to the General Property Tax Act, and manufactured housing would be considered real property under that act. (House Bill 5034 would amend the General Property Tax Act to accomplish this.)

** As of January 1, 2011, the sales tax would apply to one-half of the price of a new manufactured home; and the use tax would not apply to a manufactured home transfer, except for new homes purchased out of state, and in those cases the use tax would apply to one-half of the retail dollar value of the home. (House Bill 4879 would amend the General Sales Tax Act and House Bill 4882 would amend the Use Tax Act.)

** Also, as of January 1, 2011, the sale or transfer of a mobile home would be subject to a new state transfer tax of three-quarters of one percent of the total value of the home (the

same rate as applies to other property transfers), which would be paid to the Department of Labor and Economic Growth when a certificate of title was transferred to a new owner. The revenue would go to the State School Aid Fund. (House Bill 4106 would create the transfer tax.)

** Two new acts would be created – the Manufactured Home Owners’ Residency Act and the Manufactured Homeowners Association Act – that impose restrictions on the activities of park owners and operators, allow park residents to organize associations, and prohibit owners from harassing or evicting park residents for organizing an association, among other things. (House Bills 4868 and 4869, respectively, would create the new acts.)

** The membership of the Mobile Home Commission would be expanded from 11 members to 13 new members, with changes in membership composition. (House Bill 5035 would amend the Mobile Home Commission Act.)

** The new specific tax levied through 2010 and, obviously, the general property taxes levied beginning in 2011 would count toward in the owner’s calculation of the homestead property tax credit available through the Income Tax Act. As now, site rent for space is considered rent and is also part of the credit calculation. (House Bill 5844 would amend the Income Tax Act.)

[NOTE: House Bill 5098, which would have created a new manufactured housing ad valorem specific tax, was at one time part of the package of bills, but has been replaced with House Bill 5034. Some of the bills in the package contain references to that bill, and some are tie-barred to it, and amendments are anticipated to remedy that.]

FISCAL IMPACT: The annual increase in the specific tax will (through 2010) will not have any direct impact on State revenues, although estimated growth in the number of manufactured homes over this time period could increase State revenues (which are dedicated to the School Aid Fund) by about \$50,000 per year.

Local and county governments should see revenue increases averaging approximately \$470,000 per year through 2010 resulting from both growth in the number of manufactured homes as well as the annual increase in the specific tax. Funding for local education will also grow by an estimated \$1.8 million per year over this time period.

THE APPARENT PROBLEM:

About 750,000 people live in manufactured housing in Michigan, and the median price for such housing is estimated at \$20,000, in contrast to \$140,000, the median price of site-based homes. However, newer manufactured homes range as high as \$90,000, or more. Whatever the value of their homes, manufactured housing residents who live in mobile home parks pay a flat fee (called a ‘specific tax’) of \$36 a year in lieu of property taxes, and when they purchase their homes they pay sales tax. In addition, their rent

includes a portion of the 24 education mills paid by the park owner, levied against the commercial property on which the mobile home park is located.

An official of the Department of Treasury has estimated that if the \$36 flat fee or 'specific tax' were to stay in place for 2004, it would be expected to raise about \$4.9 million. Of that amount, \$3.3 million would be expected to go to the School Aid Fund, and the rest (\$1.6 million) would go to local governments. (Detroit Free Press 12-1-03)

The state's 11-member Mobile Home Commission, located within the Department of Labor and Economic Growth and comprising three representatives of residents, five representatives of the industry (a manufacturer, a dealer, and three park operators), and one representative each for financial institutions, organized labor, and local government, sets requirements for mobile home communities, including those that govern the width of the roads and the preferred site plan, to assure the community is adequately laid-out on the land. The commission also hears residents' grievances. For example, according to committee testimony, some park owners deny residents opportunities to sell their units, or impede their efforts to organize local residents' associations, and participate in politics. However, when residents appeal to the state's Mobile Home Commission, they say the remedies for their claims often fall short.

In contrast to the Mobile Home Commission which approves the site plans for proposed mobile home parks, it is the officials of local governments who decide where to locate them. Often the location decisions fall to the courts, however, especially if communities have not planned for them, or do not have areas (or enough areas) zoned for them.

Consider the community of Charlotte in Eaton County, for example. Nearly one-third of the homes developed in Eaton County over the past three years have been manufactured homes, and a study conducted last year with Michigan State Housing Development Authority funds, showed that in Eaton County, manufactured homes on their own lots can provide a cost-effective option for homeowners. However, not all manufactured homes are located on single lots. According to the Eaton county director of community development and housing, county officials are in the process of settling litigation over the location of a large, high-density mobile home park. The settlement comes after almost four years in which county officials defended against two lawsuits filed by one developer of the mobile home park, and another year spent defending a second lawsuit filed by yet another developer of a rural site. The lawsuits have cost the county taxpayers well over \$100,000 in attorney fees, required extensive staff time, and they have created dissension throughout the community. These events have occurred in and around the town of Charlotte which already has a variety of housing options, including 16 mobile home parks having 2,312 lots for homes. Nonetheless, the settlement in the lawsuit will require a new 700-home park—a development more than three times the size of any existing park—located less than two miles from four other mobile home parks. Representatives of Eaton County and the community of Charlotte note that the county has an up-to-date comprehensive land use plan and zoning ordinances that reflect their residents' goals of protecting farmland and open space, controlling sprawl, creating places for tax generating development, and facilitating development of strong, high-quality communities in

urbanized areas. Nonetheless, as a result of the lawsuit's settlement, the new mobile home park will be constructed on prime tax-generating land having a frontage on a major interstate, a parcel that was zoned industrial, and served by rail and air.

A similar scenario has been reported in Livingston County's Green Oak Township, where township officials spent \$125,000 on legal fees to stop the development of a 900-unit mobile home park. Although the developer won the case, the scale of the development was reduced by one-third, to 599 homes. Further, the Grand Rapids Press (10-17-03) reports five area townships—Grattan, Cannon, Courtland, Polkton, and Cascade—“fought or are fighting costly legal battles with developers over plans for huge projects that, under the state's mobile home law, fall almost entirely outside local authority.” The most contentious of the cases involved Kent County's Grattan and Cannon Townships which, in its fourth year, has cost taxpayers well over \$250,000. There a developer wants to build a 690-unit manufacture housing park on an agriculturally zoned site. The townships argue that the project is too big for that location, puts too much pressure on local roads and township services, and probably would force construction of a new school. Further, the additional 900 to 1,000 vehicles to be expected would not be offset by any significant help in widening local traffic arteries. Similar cases have arisen in the Flint area.

The taxpayers of any community—including residents of mobile home parks—must shoulder the cost of providing many new services to the residents of mobile home parks, including emergency and social services, police and fire protection, roads and sewer maintenance, and education for the school-aged children who live there. For example, in the Airport Community School District located in northern Monroe County, there are 3,410 students, 41 percent of whom reside in manufactured housing communities. According to a school official, the eight manufactured residential communities constitute only four percent of the district's taxable value, despite that fact they constitute 41 percent of the school population. The tax unfairness has resulted in the defeat of two school millages by margins of two-to one, according to surveys conducted by the school district after the elections (conducted in March 2000 and September 2002).

Many school and local government officials point-out that the annual \$36 fee paid by mobile home residents does not begin to cover the services they need. Consequently, others in the community pay more than their fair share. The \$36 'specific tax' was set in 1959, a hike from the original \$18 a year set twenty years earlier in 1939. (In 1939, many out-of-work people purchased mobile homes in order to move regularly from place-to-place, towing their homes, and following the promise of jobs during the Great Depression.) According to committee testimony, the fee was raised to \$36 forty-five years ago because it represented exactly half of the median property tax on a site-based home at that time, \$72. The \$36 'specific tax' is allocated so that \$24 goes to the state School Aid Fund, \$6 goes to the county, and \$6 to the township. None of the revenue goes to a local school district to support bonds for school construction.

Many local officials argue that mobile home residents should pay property taxes based on the value of their homes, and in that way cover their cost for the local services and

schools, as other property owners do. To that end, legislation has been introduced to increase over the next six years, the flat fee or 'specific tax' mobile home residents pay, and then shift the taxation of mobile homes to the General Property Tax Act, beginning in 2011.

THE CONTENT OF THE BILL:

Manufactured Housing Specific Tax

House Bill 4880 (H-6) would create a new act, the Manufactured Housing Specific Tax Act, which would create an annual specific tax to be levied on every owner of qualified manufactured housing property. The tax would increase from \$54 to \$144 over a six-year period (as described later). Currently owners of mobile homes pay an annual fee of \$36. House Bill 4111 (H-3) would make complementary amendments to the General Property Tax Act (MCL 211.2a), to reflect the creation of the new specific tax act and to repeal the Mobile Home Park Act. The two bills are tie-barred to each other, meaning that neither could take effect unless both were enacted. They would take effect December 31, 2004. House Bill 4880 also is tie-barred to House Bill 5034.

A manufactured home would be defined as a mobile home, as that term is defined in the Mobile Home Commission Act, and a park model home. (A "park model home" would be defined as a temporary dwelling or a vehicle designed as temporary living quarters for recreational, camping, seasonal, or travel use and that 1) has less than 400 square feet of living space; 2) is built on a single chassis, is mounted on wheels, and is drawn by another vehicle; 3) is unable to be licensed for over-the-road travel without a special permit; and 4) is able to be titled and registered as a trailer coach under the Michigan Vehicle Code.) The terms "mobile home" and "mobile home park" would be defined as they are in the Mobile Home Commission Act. "Principal residence" would be defined to mean that term as defined in the General Property Tax Act. "Qualified manufactured housing property" would mean a manufactured home located in a licensed mobile home park or a licensed campground. Qualified manufactured housing property would not include appurtenant structures to a manufactured home (including but not limited to garages and sheds; patios, decks, and porches; and steps and sidewalks).

Under the bill, the Mobile Home Park Act, which contains the current specific tax of \$3 per month, would be repealed effective December 31, 2004. The new specific tax would be in lieu of ad valorem general property taxes, as is the case with the existing specific tax. Fifty percent of the specific tax would be collected in a July levy and 50 percent in a December levy, and it would be collected under the General Property Tax Act. Further, if the local tax collecting unit had authorized a property tax administration fee, then that fee would be added to the specific tax, in the same amount.

The state specific tax that would be levied is as follows:

2005	2006	2007	2008	2009	2010
\$4.50/month \$54 annual	\$6/month \$72 annual	\$7.50/month \$90 annual	\$9/month \$108 annual	\$10.50/month \$126 annual	\$12/month \$144 annual

The local tax collecting unit would disburse the state specific tax, levied in July and December, as follows:

Disbursed to	2005	2006	2007	2008	2009	2010
State School Aid	\$12 July \$12 Dec	\$12 July \$12 Dec	\$12 July \$12 Dec	\$12 July \$12 Dec	\$12 July \$12 Dec	\$12 July \$12 Dec
Local Schools	\$6 July \$6 Dec	\$12 July \$12 Dec	\$18 July \$18 Dec	\$24 July \$24 Dec	\$30 July \$30 Dec	\$36 July \$36 Dec
Local Government	\$4.50 July \$4.50 Dec	\$6 July \$6 Dec	\$7.50 July \$7.50 Dec	\$9 July \$9 Dec	\$10.50 July \$10.50 Dec	\$12 July \$12 Dec
County	\$4.50 July \$4.50 Dec	\$6 July \$6 Dec	\$7.50 July \$7.50 Dec	\$9 July \$9 Dec	\$10.50 July \$10.50 Dec	\$12 July \$12 Dec

The bill requires that the amount of state specific tax distributed to the local school district be used by the district for non-operating purposes only.

Qualified manufactured housing property located in a renaissance zone under the Michigan Renaissance Zone Act would be exempt from the specific tax to the extent and for the duration provided under that act.

The bill specifies that when a qualified manufactured housing property is the principal residence of a person who in the judgment of the supervisor and board of review is unable to contribute by reason of poverty, then that person would be eligible for whole or partial exemption from the state specific tax levied under the legislation. The bill describes exemption eligibility in detail, as well as the process one would follow to file for an exemption with the supervisor or board of review. The claim would have to be

filed between January 1 and the last day the board of review meets to hear property tax appeals.

The bill further specifies that if payment of the state ad valorem specific tax were not made by March 1 following the tax levy, the tax would be turned over to the county treasurer and collected in the same manner as a delinquent tax on real property under the General Property Tax Act.

Manufactured Housing Ad Valorem Property Tax

House Bill 5034 (H-2) would amend the General Property Tax Act (MCL 211.34c) to specify that beginning December 31, 2010, qualified manufactured housing property located on real property, whether or not permanently affixed to that real property, would be considered real property for the purposes of taxation, and would be subject to the assessment and collection of taxes under the General Property Tax Act. Under the bill, the manufactured housing specific tax would be repealed effective December 31, 2010. The bill is tie-barred to House Bill 4880 so that it could not become law unless that bill also were enacted.

Under the bill, “qualified manufactured housing property” would mean a manufactured home located in a licensed mobile home park or a licensed campground. Qualified manufactured housing property would include appurtenant structures to a manufactured home (including but not limited to garages and sheds; patios, decks, and porches; and steps and sidewalks). A manufactured home would be defined as a mobile home, or a park model home. (A “park model home” would be defined as a temporary dwelling or a vehicle designed as temporary living quarters for recreational, camping, seasonal, or travel use and that 1) has less than 400 square feet of living space; 2) is built on a single chassis, is mounted on wheels, and is drawn by another vehicle; 3) is unable to be licensed for over-the-road travel without a special permit; and 4) is able to be titled and registered as a trailer coach under the Michigan Vehicle Code.) The terms “mobile home” and “mobile home park” would be defined as they are in the Mobile Home Commission Act. “Principal residence” would be defined to mean that term as defined in the General Property Tax Act.

The bill specifies that qualified manufactured housing property would be assessed as real property to the owner. For taxes levied after December 31, 2010 and before January 1, 2012, qualified manufactured housing property’s taxable value would be 50 percent of that property’s true cash value. For taxes levied after December 31, 2011, the property’s taxable value would be determined under section 27a (which implements the constitutional cap on the annual increase in the assessment of a parcel of property).

The bill specifies that when a qualified manufactured housing property is the principal residence it would be exempt from the tax levied by a local school district for school operating purposes to the extent provided under the Revised School Code, if the owner of the manufactured housing property claimed an exemption. Further, if the manufactured

housing property were the principal residence of a person who, in the judgment of the supervisor and board of review was unable to contribute toward the public charges by reason of poverty, then that person would be eligible for whole or partial exemption from the taxes levied under the legislation.

Qualified manufactured housing property located in a renaissance zone under the Michigan Renaissance Zone Act would be exempt from the tax to the extent provided under the act.

The bill further specifies that manufactured housing property returned for delinquent taxes, and upon which taxes, interest, penalties, and fees remained unpaid after the property was returned as delinquent to the county treasurers, would be subject to forfeiture, foreclosure, and sale.

Residency Rights

House Bill 4868 (H-5) would create the Manufactured Home Owners' Residency Act, which would impose certain restrictions on the activities of owners and operators of manufactured home (mobile home) parks. House Bill 4869 (H-4) would create the Manufactured Homeowners Association Act, which would allow residents of parks to organize an association and would prohibit a park owner from harassing or evicting a park resident based on the organization of such an association. The two bills are tie-barred to each other, meaning neither could take effect unless they both did.

The Manufactured Home Owners' Residency Act created by House Bill 4868 (H-5) would put into statute a number of restrictions on the conduct of owners and operators of manufactured home parks, including the following.

- A park owner would be prohibited from making or enforcing a rule, regulation, policy, or rental agreement provision that 1) denied a park resident the right to sell his or her home within the park; 2) required a resident to remove the home from the park solely on the basis of a sale or a proposed sale of the home; and 3) required a resident to remove a home from a park for the purpose of renovating or modernizing the park.
- A park owner could not directly or indirectly prohibit the use of a "for sale" sign within a park, although the park owner could impose restrictions on the size and location of signs.
- A park owner could not directly or indirectly prohibit the use of a sign for a political party, political candidate, or political issue endorsement within a manufactured home park. A park owner could not impose any restrictions on the use of signs more restrictive than the local sign ordinance. If the local government had not passed a sign ordinance, or if that ordinance permitted, a park owner could impose restrictions on size, location, and length of time displayed.

[A violation of either sign prohibition would be subject to a civil fine of up to \$500 for each violation. A civil fine would be in addition to any criminal penalties prescribed in the new act. The fine would be paid to the state treasurer for deposit in the general fund.]

- If a park owner chose to develop rules to regulate the size and weight of trucks within a manufactured housing community, the rules could not prohibit commercial pickup trucks.
- A park owner could not threaten a park resident with unlawful eviction (in violation of Section 5775 of the Revised Judicature Act) or initiate an unlawful eviction against a park resident. A person who violated this provision would be guilty of a misdemeanor punishable by imprisonment for not more than 90 days or a fine of not more than \$500, or both.
- A park owner would be prohibited from charging a park resident for installing a utility meter on the resident's manufactured home and could not charge a park resident a surcharge for the purpose of billing the utility service to the resident.
- A park owner would have to provide a park resident with 90 days' notice before implementing an increase in a fee, charge, or other type of assessment relating to park residency.
- A park owner could not establish a rule or regulation that was unreasonable, arbitrary, or capricious. Further, a park owner's enforcement of any rule or regulation, including one related to eviction, could not be in retaliation for a park resident's attempt to secure or enforce rights under the act, or any local, state, or federal law.

Under the bill, "manufactured home park" would be defined to mean a parcel or tract of land under the control of a person, upon which three or more manufactured homes were located on a continual, non-recreational basis, that is licensed or licensable for use as a manufactured home park by this state, and that is offered to the public for that purpose regardless of whether a charge is made for that purpose, together with a building, structure, enclosure, street, equipment, or facility used or intended for use incident to the occupancy of a manufactured home.

Under House Bill 4869 (H-4), which would create the new Manufactured Homeowners Association Act, a park resident could organize a homeowners' association, and a park owner would be prohibited from harassing, evicting, or retaliating against any park resident who did so. The bill would permit a park resident who organized an association to distribute fliers, and to knock on doors with the manufactured home park, but the resident could not do so more than one time each calendar year.

The bill specifies that a park owner could not interfere with a homeowners association, including but not limited to, interference by denying the association the use of common areas or meeting space otherwise available to park residents. However, a park owner

could charge appropriate rental fees, require a damage deposit, and allocate clean-up responsibilities for use of the common area, as long as the owner made the common area available to other residents under these same terms and conditions.

Not more than once each year, an organizational meeting for a homeowners association could be held, and any park resident could attend the meeting and join the association. At the organizational meeting, park residents could vote on adoption of bylaws and officers for the association. The officers would include a president, vice president, secretary, and treasurer. Adoption of the bylaws and election of officers would be by a majority vote of park residents in attendance at the meeting. Further, any time after an association were organized, it could be dissolved by a vote of the majority of the members. If the association had funds remaining after dissolution, they would be used first to cover any outstanding debt. Any funds that remained after payment of the debt would be distributed pro rata to the members of the association.

Under both new acts, the attorney general or an affected individual could bring an enforcement action, and a person whose rights were affected because of a violation would be entitled to recover actual damages or \$500, whichever was greater, and also reasonable attorney fees. The court could also consider equitable remedies, including but not limited to injunctive relief.

Mobile Home Commission

House Bill 5035 (H-4) would amend the Mobile Home Commission Act (MCL 125.2303), which provides for an 11-member state commission, to increase the commission's membership to 13, and also to change its composition.

Currently, the 11-member commission consists of the following representatives:

- a representative from an organization representing mobile home residents;
- a representative of financial institutions;
- three operators of mobile home parks, two from parks with 100 or more sites and one from a park with fewer than 100 sites;
- a representative of organized labor;
- an elected official of a local government;
- a licensed mobile home dealer;
- two residents of mobile home parks, one from a park with 100 or more sites and one from a park with fewer than 100 sites; and
- a manufacturer of mobile homes.

Under House Bill 5035 (H-4), the commission would include the following representatives:

- a representative from an organization representing mobile home residents;
- a representative of financial institutions;
- three operators of a licensed mobile home park (with no criteria as to the size of the park);
- an elected official of a local government;
- a licensed mobile home dealer;
- one resident of a licensed mobile home park who also is a representative of organized labor (a reduction of one resident, and a combining of what are currently two separate positions);
- a manufacturer of mobile homes;
- one elected public school district representative (a new position);
- one registered building inspector, or a registered professional community planner (a new position);
- one individual who services, installs, or repairs manufactured homes (a new position); and
- one representative who is a state or local public health official or a state or local fire official (a new position).

The bill prohibits appointees (or members of their immediate families) selected from five of the 11 categories, above, from having more than a one percent ownership interest in, or income benefit from, a manufacturer of mobile homes, a retail seller of mobile homes, a licensed mobile home park, or a supplier of ancillary products or services to the mobile home industry. The five categories prohibited from holding an ownership interest greater than one percent are: the representative from an organization representing mobile home residents; the elected official of a local government; the one resident of a licensed mobile home park who also is a representative of organized labor; the elected public school district representative; and, the one registered building inspector, or registered professional community planner.

Sales Tax Exemption

House Bill 4879 (H-1) would amend the General Sales Tax Act (MCL 205.54aa) to exempt the sale of a previously owned manufactured home from the state sales tax, beginning January 1, 2011. Further, beginning at that time, a person subject to the tax under the act could exclude from the gross proceeds used for the computation of the tax, one-half of the gross proceeds of the sale of a new manufactured home. The bill is tie-barred to House Bill 5098, so that it could not become law unless that bill also were enacted.

Use Tax

House Bill 4882 (H-2) would amend the Use Tax Act (MCL 205.94w) to specify that, as of January 1, 2011, the state use tax would not apply to a mobile home, except for a new mobile home purchased at retail outside the state and brought into the state for its initial use. The tax base for the use tax on such purchases would be one-half of the home's retail dollar value at the time of acquisition. The tax would be collected by the secretary of state at the time the manufactured home was brought into the state. Under the bill, "manufactured home" means that term as defined in section 9102 of the Uniform Commercial Code.

Mobile Home Transfer Tax

House Bill 4106 (H-2) would amend the Mobile Home Commission Act (MCL 125.2330c et al.) to create a new state transfer tax on the sale or transfer of a mobile home in the state, beginning January 1, 2011. The tax would be at the rate of .75 percent of the total value of the mobile home being transferred (unless the mobile home were subject to section 4cc the General Sales Tax Act), and would be paid to the Department of Labor and Economic Growth when a certificate of title was transferred to a new owner. Revenue from the transfer tax would have to be forwarded to the state treasurer at least once per month and would be credited to the State School Aid Fund.

The bill is tie-barred to House Bill 5098 so it would not take effect unless that bill also were enacted into law.

Income Tax Property Tax Credit

House Bill 5844 (H-1) would amend the Income Tax Act (MCL 206.508) to specify that the manufactured housing specific tax levied under the new Manufactured Housing Specific Tax Act could be included when calculating the homestead property tax credit. (Subsequently, manufacture homes would be subject to ad valorem property taxes, which of course could be used to determine the homestead property tax credit. Currently under the law, a mobile home or trailer coach in a trailer coach park is a homestead, and the site rent for space is considered the rent of a homestead. Further, the current specific tax (levied under Public Act 243 of 1959) is considered a property tax for the purpose of a homestead credit.

ARGUMENTS:

For:

The taxpayers of any community—including residents of mobile home parks—must shoulder the cost of providing many new services to the residents of mobile home parks, including emergency and social services, police and fire protection, roads and sewer maintenance, and education for the school-aged children who live there. The annual \$36 fee paid by mobile home park residents—a flat rate ‘specific tax’ that has not changed since 1959—45 years ago—does not begin to cover the services mobile home residents need. Consequently, others in the community pay more than their fair share. For example, currently the \$36 annual ‘specific tax’ on park residents is allocated so that \$24 goes to the state School Aid Fund, \$6 goes to the county, and \$6 to the township or city. No revenue is returned directly to the local school district, and the amount sent to the state-level school aid fund is far from adequate.

This legislation is badly needed, and long overdue. It would increase the specific tax from \$36 to \$144 over six years, and distribute the new revenue so that local school districts would get funds. Further, it would give mobile home owners ample notice that taxation of their residences would shift to the General Property Tax Act beginning in 2011.

As the Grand Rapids Press has noted, “This is an issue of basic (tax) fairness.” (10-17-03) Mobile home park residents receive many of the same government services as everyone else, and like everyone else they should have to pay their fair share. How unfair is the current system? One official at the Department of Treasury estimated that if the annual fee stayed at \$36 in 2004, it would raise an expected \$4.9 million. In contrast, increasing the fee to \$144 would mean an additional \$13.5 million. Whereas, taxing homes based on their value would generate about \$52.6 million annually, statewide.

For:

Currently, the composition of the state’s 11-member Mobile Home Commission (located within the Department of Labor and Economic Growth) favors the industry—five members representing manufacturers, dealers, and park operators, and three representing park residents. The remaining members include one representative each for financial institutions, organized labor, and local government. Under this legislation, the new commission would have 13 members, including two representatives of residents (a reduction of one), and five representing the industry (the same as before, three park operators, one dealer, and one manufacturer). However, the composition of the commission would be more balanced, since the remaining members of the commission would represent financial institutions, local government (as before), but also an elected school district representative, a registered building inspector (or a professional community planner), a person who services or repairs manufactured homes, and a public health official (or a fire official).

The state Mobile Home Commission sets requirements for mobile home communities, including those that ensure adequate site plans to assure safe and healthy mobile home

parks. It makes sense, then, to have representatives on the commission whose expertise is construction and public safety, as well as planning and site plan review.

For:

While the new state Mobile Home Commission may be able to hear residents' grievances fairly, it is also true that two bills—House Bills 4868 and 4869—should reduce the overall number of residents' grievances. Currently, residents claim that some park owners deny them opportunities to sell their units, or impede their efforts to organize local residents' associations, and participate in politics, and impose new fee increases without notice.

The new laws—called the Manufactured Home Owners' Residency Act and the Manufactured Homeowners Association Act—would impose certain restrictions on the activities of owners and operators, and allow residents or parks to organize associations, free from the fear of harassment. For example, under House Bill 4868, a park owner would be prohibited from making or enforcing a rule, regulation, policy, or rental agreement provision that a) denied a park resident the right to sell his or her home within the park; b) required a resident to remove the home from the park solely on the basis of a sale or a proposed sale of the home; and c) required a resident to remove a home from a park for the purpose of renovating or modernizing the park. A park owner could not directly or indirectly prohibit the use of a "for sale" sign within a park, although the park owner could impose restrictions on the size and location of signs. Further, a park owner could not directly or indirectly prohibit the use of a sign for a political party, political candidate, or political issue endorsement within a manufactured home park. A park owner could not prohibit pickup trucks, threaten a resident with unlawful eviction, or charge a resident for installing a utility meter or affix a utility surcharge. And a park owner would have to provide a resident with 90 days' notice before implementing an increase in a fee, charge, or other type of assessment.

Under House Bill 4869, the new Manufactured Homeowners Association Act, a park resident could organize a homeowners' association, and a park owner would be prohibited from harassing, evicting, or retaliating against any park resident who did so. Further, the bill would permit a park resident who organized an association to distribute fliers, and to knock on doors with the manufactured home park, but the resident could not do so more than one time each calendar year. And, not more than once each year, an organizational meeting for a homeowners association could be held in the park's common area, and any park resident could attend the meeting and join the association.

Against:

About 750,000 people live in manufactured housing, and according to the Manufactured Housing Association, in many cases this kind of housing is the only affordable option. The median price of a residence is \$20,000, while the median price of a "stick-built" home is about \$140,000. Spokespeople for the association say that residents of mobile home parks already pay their fair share—a six percent state sales tax when they buy their unit, rent for their lot which covers property taxes paid by development owners (the 24-mill school operating tax), and also their annual \$36 specific tax (generally folded into

the rent). Spokespeople for the industry claim that “the industry pays its fair share, but we don’t get the credit.” A great many mobile home park residents testified that the increase in taxes will be a great hardship for them, even suggesting that more taxes will make what is now affordable housing very nearly unaffordable for them. Many residents are senior citizens. Many residents have moderate or low annual incomes.

Response:

When manufactured homes become subject to the General Property Tax Act, residents will be able to make use of the poverty exemption or hardship clause which, generally, says that if the manufactured housing property is the principal residence of a person who, in the judgment of the supervisor and board of review is unable to contribute toward the public charges by reason of poverty, then that person would be eligible for whole or partial exemption from the taxes levied under the legislation. Residents will also be able to make use of the homestead property tax credit, which provides an income tax credit when taxes exceed certain percentages of income.

Against:

This package of bills does not go far enough. It should include legislation that would grant local units of government control over the site plan development and review process now required for new mobile home parks. Allowing the site plan review process to remain with the state Mobile Home Commission will ensure that decisions about big mobile home parks will continue to be made in Lansing, and local governments will continue to be bullied by developers, through legal action, into accepting large mobile home complexes.

Response:

Local control is often a euphemism for local exclusion, according to the spokespeople for the Manufactured Housing Association. Consequently, local governments must be sued in order to ensure developer rights. If site plan review were to rest with local governments instead of the state-level commission, then fewer mobile home parks would be built. Besides, the composition of the Mobile Home Commission would be changed under House Bill 5035, and a representative with construction or site plan review expertise would be included as a member of the commission for the first time

POSITIONS:

The Michigan Assessors Association supports the bills. (5-25-04)

The Michigan Association of School Boards supports the bills. (5-25-04)

The Michigan Association of School Administrators supports the bills. (5-25-04)

The Michigan Association of Counties supports the bills. (5-25-04)

The Michigan Municipal League supports the bills. (5-25-04)

The Michigan Advocacy Project supports House Bills 4868 and 4869, and is neutral on the other bills. (5-25-04)

The Michigan Association of Home Builders supports House Bills 4880, 4111, and 5035. (5-25-04)

The Michigan Townships Association supports the bills. (5-26-04)

The Department of Treasury is neutral on the bills. (5-25-04)

The Michigan Manufactured Housing Association opposes the bills. (5-25-04)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.