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Mobile Home Parks Committee  
January 8, 2008

Grants Committee  
February 4, 2008

**TO:** Chair and Members of Mobile Home Parks Committee  
Chair and Members of Grants Committee

**SUBMITTED BY:**   
S. Dale MacLennan, CA, Director, Finance

**DATE:** December 20, 2007

**SUBJECT:** Mobile Home Taxes and Liens

## INFORMATION REPORT

### ORIGIN

Department of Finance staff made a presentation to the Mobile Home Parks Committee on assessment and taxation at their meeting, September 18, 2007. At that meeting, the Committee passed a motion "that staff provide information [on] the street light policy as it applies to lights in mobile home parks, [whether it is] legally feasible to take over lights and the cost implication associated, as well as a breakdown of tax revenue generated by mobile home parks." The Committee also asked staff to look at whether HRM could place a lien on a mobile home to secure a possible tax deferral.

### BACKGROUND

At the Mobile Home Parks Committee on September 18<sup>th</sup>, Finance staff made a presentation on the assessment of mobile home parks, to outline how land and buildings are taxed in mobile home parks and how this compares to other residential homes, such as other single-detached homes and apartments. This brief presentation is shown here as Attachment 1. The presentation showed that these properties were being assessed and taxed consistently as residential properties.

The Committee asked two questions related to the taxation of mobile homes:

- 1) What tax revenues are generated from mobile home parks?
- 2) Would it be possible to place a lien on a mobile home (to secure a deferral of taxes)?

The Committee also asked about possibility of taking over (street) lighting within mobile home parks. The questions related to lighting will be dealt with in a separate report.

## **DISCUSSION**

### **Revenues from Mobile Home Parks**

There are approximately 4,000 mobile homes in mobile home parks in HRM. Staff has reviewed the taxes billed to the 22 larger mobile home parks, those with more than 30 pads. The result of this review is shown in Attachment 2. So this report could be made public, the names of the 22 mobile home parks has been kept confidential -- they are identified as parks #1 through #22. To summarize the findings:

- ▶ the residential property tax paid by the park owners averages \$105/year per pad (land only);
- ▶ the highest taxes paid, by park owner, do not exceed \$17/month per pad (land only);
- ▶ the property tax paid, directly, by mobile home owner averages \$426/year (structure only);
- ▶ the property tax paid, directly and indirectly, by mobile home owners averages \$531/year (land and structure, combined).

Therefore, based on 4,000 mobile homes at \$531/year, \$2.1 million in property taxes was billed to mobile home parks in 2007, about 80% of this amount directly from mobile home owners and 20% from the mobile home park owners. The total revenue may be slightly less, due to tax exemptions provided to some mobile home residents.

### **Increase in Taxes to Mobile Home Park Owners**

At the Mobile Home Parks Committee meeting in September, committee members asked about recent increases in taxation of mobile home parks. Currently, taxes on the pads (land only) range from \$6.50 to \$16.75/month per pad (in the 22 larger parks). On average, the taxes per pad have increased \$0.93/month, or 5.8%/year, over the past two years. In four of the 22 parks, the taxes paid by the park owners has increased more than 10%/year, since 2005. This means that the taxes per pad (land only) would have increased roughly \$2.50 to \$5.25/month (in these four parks) over the two-year period.

### **Liens on Mobile Homes**

It is possible to place a lien on a mobile home. HRM can register a lien against a mobile home under the Personal Property Security Act. However, several points should be noted regarding these liens.

It is administratively difficult to register the lien. As well, the lien provides no significant security to HRM. For example, the mobile home owner could sell the mobile home or move it out of HRM without any requirement to pay out the lien or notify HRM. Furthermore, there is no mechanism that makes a purchaser aware of the lien or requires a purchaser to check for a lien on a mobile home when buying. In summary, a deferral on a mobile home (without land) would not be secure, in the same way that it would be for a single-detached home (with land).

To better understand the utility of a tax deferral, a comparison of taxes payable by the owner of a mobile home and the owner of a single-detached property are shown on Attachment 3. For someone earning \$20,000 per year, the median net taxes payable (after the tax rebate) would be \$297 for a mobile home and \$1,329 for a single-detached home. The deferral has a much greater positive impact for the typical single-detached home owner, since the typical tax bill is much higher and the range of tax bills much wider.

Due to the greater risk (to HRM) and reduced benefits (to potential clients) described above, the current practice -- that deferrals are not available for mobile homes where the land is not owned by the owner of the mobile home -- appears to be reasonable.

As a point of interest, approximately 1,500 of the 5,500 mobile home owners across HRM do own the land on which their home is located. (In fact, residents of one mobile home park in HRM fall into this category, i.e. they have title to the individual pads on which their mobile homes sit.) These 1,500 mobile home owners would be eligible for tax deferrals, given that they meet the other program eligibility requirements, e.g. household income.

### **BUDGET IMPLICATIONS**

There are no budget implications to this report.

### **FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN**

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

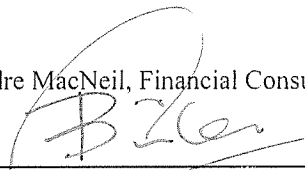
**ATTACHMENTS**

1. Copy of Presentation to Committee on September 18, 2007
2. Average Property Taxes in Mobile Home Parks (three tables)
3. Total Tax for Mobile Home and Single-Detached Home Owners

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A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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Report Approved by:   
Bruce Fisher, Manager, Fiscal & Tax Policy, 490-4493

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Attachment 1 – Copy of Presentation to Committee on September 18, 2007

# Assessment & Taxation of Mobile Homes

Presentation to the Mobile Home  
Park Advisory Committee  
*September 2007*

## Residential Assessment

- Applies to:
  - Single-family homes (building + land)
  - Mobile homes (building) and parks (land)
  - Apartments (building + land)

## How Property Taxes are Paid

- Single-Family Home:
  - Land + Building values are combined for tax assessment and tax bill
  - Paid directly by owner or through mortgage company
- Mobile Home (in park):
  - Land assessment and tax bill are sent to park owner
    - paid indirectly by mobile home owners (through rent)
  - Building assessment and bill are sent to mobile home owner and paid directly
- Apartment Building:
  - Land + Building values are combined for tax assessment and tax bill
  - Tax bill is sent to apartment building owner
  - Paid indirectly by apartment tenants (through rent)

Attachment 1 (continued)

## Who can Get a Tax Rebate?

- ▶ Anyone who receives a residential tax bill, directly, for their own home, i.e.:
  - ▶ those who own single family homes, including mobile homes or condos
    - ▶ as long as they meet other program criteria, e.g. income limits
- ▶ Apartment renters ineligible
  - ▶ Tenants do not receive individual tax bills.

## Who can Get a Tax Deferral?

- ▶ Anyone who is eligible for the “Rebate” and has “title” to the land their home is on, for example:
  - ▶ Single family homeowners,
  - ▶ Mobile home owners who own the land their home is on,
  - ▶ Condo owners.
- ▶ Apartment renters and most Mobile Home Park residents are ineligible
  - ▶ Renters do not have “title” to land;
  - ▶ Lien cannot be placed on land to secure the taxes owing.

Attachment 2 -- Average Property Taxes in Mobile Home Parks (three tables)

**Average Property Taxes Paid, by mobile home park, 2007**  
*(Survey of all mobile home parks in HRM with more than 30 pads per park)*

Parks are sorted by average tax per dwelling (lowest to highest)

Mobile Home Park	Avg. Tax / Pad	(land only)
Mobile Home Park #16	\$78	
Mobile Home Park #1	\$84	
Mobile Home Park #5	<b>\$85</b>	10-percentile cost
Mobile Home Park #20	\$85	
Mobile Home Park #15	\$86	
Mobile Home Park #17	\$88	
Mobile Home Park #14	\$92	
Mobile Home Park #4	\$92	
Mobile Home Park #18	\$94	
Mobile Home Park #19	\$95	
Mobile Home Park #12	\$97	
Mobile Home Park #2	\$108	
Mobile Home Park #7	\$112	
Mobile Home Park #21	\$112	
Mobile Home Park #22	\$112	
Mobile Home Park #3	\$116	
Mobile Home Park #6	\$120	
Mobile Home Park #11	<b>\$129</b>	90-percentile cost
Mobile Home Park #9	\$135	
Mobile Home Park #13	\$145	
Mobile Home Park #8	\$188	
Mobile Home Park #10	\$201	
<b>Average</b>	<b>\$105</b>	

Attachment 2 (continued)

Mobile Home Park	Avg. Assessment	Avg. Tax / Home (mobile only)	
Mobile Home Park #11	\$16,306	\$211	
Mobile Home Park #16	\$22,587	\$291	
Mobile Home Park #21	\$24,460	\$316	
Mobile Home Park #14	\$31,090	<b>\$360</b>	10-percentile cost
Mobile Home Park #8	\$28,385	\$368	
Mobile Home Park #9	\$28,925	\$374	
Mobile Home Park #19	\$31,381	\$392	
Mobile Home Park #13	\$30,614	\$395	
Mobile Home Park #20	\$34,133	\$399	
Mobile Home Park #12	\$31,605	\$405	
Mobile Home Park #17	\$33,071	\$413	
Mobile Home Park #7	\$30,632	\$414	
Mobile Home Park #10	\$36,109	\$422	
Mobile Home Park #4	\$37,196	\$423	
Mobile Home Park #1	\$33,172	\$425	
Mobile Home Park #6	\$32,304	\$425	
Mobile Home Park #2	\$35,376	\$457	
Mobile Home Park #18	\$41,900	\$487	
Mobile Home Park #15	\$37,186	\$489	
Mobile Home Park #3	\$38,333	<b>\$500</b>	90-percentile cost
Mobile Home Park #22	\$49,350	\$577	
Mobile Home Park #5	\$45,699	\$585	
<b>Average</b>	<b>\$33,828</b>	<b>\$426</b>	



Attachment 2 (continued)

Mobile Home Park	Avg. Tax / Home	(land + mobile home)
Mobile Home Park #11	\$339	
Mobile Home Park #16	\$369	
Mobile Home Park #21	\$428	
Mobile Home Park #14	<b>\$452</b>	10-percentile cost
Mobile Home Park #20	\$484	
Mobile Home Park #19	\$486	
Mobile Home Park #17	\$501	
Mobile Home Park #12	\$502	
Mobile Home Park #1	\$509	
Mobile Home Park #9	\$509	
Mobile Home Park #4	\$515	
Mobile Home Park #7	\$526	
Mobile Home Park #13	\$539	
Mobile Home Park #6	\$546	
Mobile Home Park #8	\$556	
Mobile Home Park #2	\$565	
Mobile Home Park #15	\$575	
Mobile Home Park #18	\$581	
Mobile Home Park #3	<b>\$616</b>	90-percentile cost
Mobile Home Park #10	\$623	
Mobile Home Park #5	\$670	
Mobile Home Park #22	\$689	
<b>Average</b>	<b>\$531</b>	

Attachment 3 -- Total Tax for Mobile Home and Single-Detached Home Owners

<i>Total Tax Burden on Mobile Home Owners (in parks)</i>				
	Tax on Land (thru rent)	<b>Total Tax</b> (land + trailer)	Tax Exemp'n (if inc.=\$20k)	Tax Payable (if inc.=\$20k)
10-percentile	\$85	<b>\$287</b>	\$2	\$285
50-percentile	\$97	<b>\$528</b>	\$231	\$297
90-percentile	\$120	<b>\$847</b>	\$440	\$407

<i>Estimated Tax Burden on Single-Detached Home Owners</i>				
	Tax on Land (thru rent)	<b>Total Tax</b> (land + house)	Tax Exemp'n (if inc.=\$20k)	Tax Payable (if inc.=\$20k)
10-percentile	n/a	<b>\$831</b>	\$440	\$391
50-percentile	n/a	<b>\$1,849</b>	\$520	\$1,329
90-percentile	n/a	<b>\$3,410</b>	\$600	\$2,810