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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 18th, 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.

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.

| Council Report Sign-Off Sheet | | | | | |
|---|--|-------------|-------------------------|----------------------|-------------------|
| Subject: Mobile Home Taxes and Liens | | | | | |
| Meeting Date: _____ <input type="checkbox"/> Regular Council <input type="checkbox"/> In Camera <input type="checkbox"/> Information Report <input checked="" type="checkbox"/> Community Council <input type="checkbox"/> Board/Committee | | | | | |
| Prepared by: Andre MacNeil, Finance | | | Date: December 21, 2007 | | |
| √ | Stakeholder - Internal | Reviewed By | Date/Time | Time Spent on Report | Initial/Signature |
| | Not Required (unique to originating BU) | | | | |
| | BPIM | | | | |
| | CD | | | | |
| | FINANCE - FinTrack - Accounts - Financial Consultants - Procurement - Manager | | | | |
| | FIRE | | | | |
| | HR | | | | |
| | IAM | | | | |
| | LEGAL - By-Laws - Admin Orders - Other | | | | |
| | POLICE | | | | |
| | TPW | | | | |
| | LIBRARY | | | | |
| | HRWC | | | | |
| | COUNCILLOR(s) | | | | |
| | Stakeholder - External | | | | |
| | | | | | |
| | | | | | |
| Revised: October 16, 2007 | | | | | |

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 (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 | \$360 | 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 | \$500 | 90-percentile cost |
| Mobile Home Park #22 | \$49,350 | \$577 | |
| Mobile Home Park #5 | \$45,699 | \$585 | |
| Average | \$33,828 | \$426 | |

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) | Total Tax (land + trailer) | Tax Exemp'n (if inc.=\$20k) | Tax Payable (if inc.=\$20k) |
| 10-percentile | \$85 | \$287 | \$2 | \$285 |
| 50-percentile | \$97 | \$528 | \$231 | \$297 |
| 90-percentile | \$120 | \$847 | \$440 | \$407 |

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