

# PLAIN FACTS ABOUT MOBILE HOMES

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Mobile homes are important to most communities for two reasons: (1) there is a shortage of conventional housing at prices most families can afford, and (2) mobile home living makes sense to many families at certain stages of their lives. Many people prefer mobile homes over other kinds of housing.

## HOUSING COSTS AND AVAILABILITY

New housing is often beyond the reach of the average working person unless he or she is assisted by one of the several government housing programs.

Every year houses are removed to make way for highways and other construction, lost because of fire or other disasters, become obsolete or deteriorate from age. (In many Michigan counties, more than half of the houses were built before 1939.) Each year new households are formed and these people need a place to live. But, few of them have the money to create an effective demand in today's high cost market. Construction is not keeping pace with diminishing supply.

Thus, other kinds of homes have become necessary to lower costs. Multiunit construction provides one alternative. In Michigan, the number of apartments and condominiums being built now exceeds single homes. This is especially evident in and near metropolitan areas.

In rural areas, mobile homes are helping relieve the situation.\* Nationally, nearly half of all single-family units sold in 1973 were mobile homes. In 1972, 96 percent of those selling for less than \$15,000 were mobile homes. Cost per sq. ft. in 1970 averaged about \$8.35, including furni-

*\*The manufacturing of mobile homes is significant in Michigan's economy. The Michigan Mobile Home and Recreation Vehicle Institute surveyed 19 mobile home manufacturers in Michigan in June 1974. The 15 who responded reported a total of 1,737 employees with a total annual payroll of nearly \$16 million.*

ture and appliances, compared to \$18 to \$20 per sq. ft. for conventional housing.

This does not mean that mobile homes provide housing for large numbers of low-income people.\*\* A substantial downpayment is required. Financing rates are high. And, a monthly charge is made for site rental unless the mobile home can be placed on privately owned land.

A monthly outlay for a modest unit is \$170, according to a recent Housing and Urban Development (HUD) study (including interest rate, site rental, insurance, etc.) This represents 33 percent of a \$6,000 annual income and 50 percent of a \$4,000 income. Thus, a family with less than a \$4,000 annual income would be excluded from the mobile home market. The monthly outlay for a more typical unit in a newer park might be around \$250.

## The Mobile Housing Package

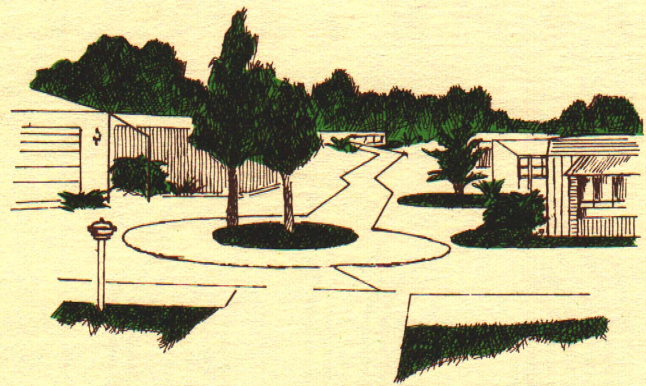
Cost is not the only reason for considering a mobile home. Other factors families may find appealing or especially useful:

1. "Instant" housing. It is not necessary to wait out a long construction period, and the buyer can see exactly what he is buying.

*\*\*1974 regulations which make mobile homes and mobile home sites eligible for FHA or FmHA financing will improve this situation for families who qualify. A governmental unit that develops a housing assistance plan in response to the Housing and Community Development Act of 1974 may include mobile homes. Under that act, mobile homes are eligible for a Section 8 leasing arrangement which could make them (or any other form of housing) available to low income families for 25% of their income.*



2. Mobility. Most of us like to think of our homes as permanent, yet the pattern of one family in five moving every year has been constant since 1900, regardless of housing types. Mobile homes are not often moved, but ease of selling and replacing a home complete with furnishings makes it easier to move.
3. Relative freedom from household chores and responsibility of keeping up a large yard.
4. The mobile home is sold complete with furniture and appliances. Thus, young couples can start out with every convenience without years of waiting and saving.
5. Park rules regulate activities in mobile home parks.



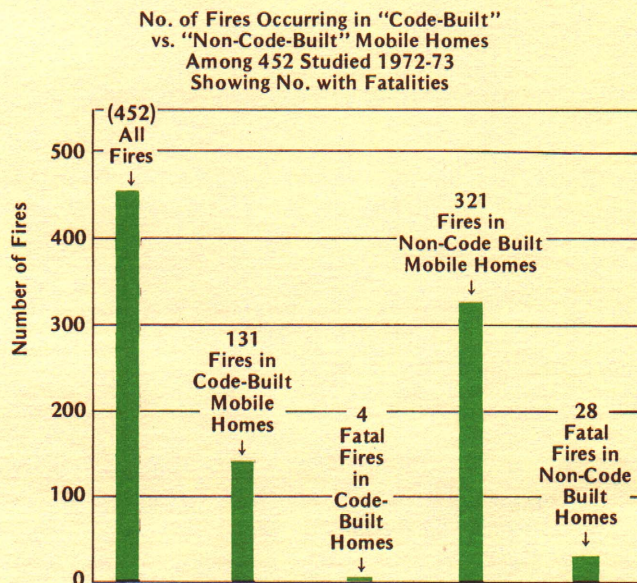
## DEPRECIATION AND DISPOSABILITY

While a mobile home provides some of the satisfactions of ownership, it does not offer the same element of investment. Mobile homes depreciate rapidly, with a useful life of approximately 15 years. This raises two broad questions: 1) can society afford the energy cost of producing short-lived housing? and 2) how will communities eventually dispose of mobile homes? Proponents of mobile homes maintain that these problems are less than for other kinds of housing, since the mobile home can be compacted like a junk automobile. Greater durability will result from upgrading construction standards in accordance with Federal and state legislation passed in 1974, but increased costs are also anticipated.

## INSURANCE & RISK

Requirements of the 1974 Michigan Construction Code will also improve the safety of new mobile homes. Insurance costs have reflected the belief that risks of fire, wind storm and other perils are greater for a mobile home than for a conventional single family dwelling.

For example, the yearly premium on a basic homeowner's policy for a \$12,000 mobile home is 50 percent more than for a \$25,000 single-family dwelling.



## Appearance

In recent years, mobile home appearances have changed considerably. Since it is suited to highway transport, the rectangular structure remains, but the effect has been softened. New exterior materials and double-wide units or the addition of expandable sections have increased the selection of styles. Gabled roofs and more conventional house-lines have emerged.

Some older trailer courts are crowded, uninteresting and monotonous. Newer parks, on the other hand, can be an asset to a community. Curvilinear streets with sites clustered into small "neighborhood groupings" create a good residential arrangement. The preservation of open space or special features of the natural landscape make the environment attractive. Community and recreational facilities in many modern parks are also appealing.

But skillful planning is required. Industry representatives say it is not possible to profitably develop and operate a park with less than six units per acre. (Michigan law does not specify a minimum or maximum density.) Utility corridors must be efficiently routed to minimize costs. Landscape architects and other development professionals specialize in planning mobile home parks.

The Mobile Home Manufacturing Association publishes a directory available from 14650 Lee Road, Box 201, Chantilly, VA 22021. They also offer a variety of other publications related to mobile homes and mobile home parks. A list of them may be requested at the same address.

For more information on mobile home living in Michigan, contact your local Cooperative Extension Service Office or the Michigan Mobile Home and Recreational Vehicle Institute, 19045 Farmington Rd, Livonia, MI 48152.

## Who Lives in Mobile Homes?

Here's a look at a typical mobile home household. It often consists of husband and wife alone. The number of children is small and the children are young, mostly pre-school age.



Most heads of households are craftsmen or other blue collar workers but there are also high percentages of professional, technical and service workers. Students and retired people often live in mobile home parks, and many mobiles are used as vacation homes. However, the evidence that a majority of mobile home dwellers are elderly is influenced by the high proportion who retire to states like Arizona and Florida to live in mobile home parks. As the number of Michigan mobile home developments offering community facilities and social programs increases, an increasing number of retired people may choose this lifestyle.

## Taxation

Michigan law levies a fixed tax of \$3.00 per month on a home in a mobile home park licensed by the state. Two dollars of this tax are for schools, 50 cents for township or city, and 50 cents for the county. The mobile home park, its buildings and equipment are taxed on the basis of 50 percent of market value.

In the case of a fixed per unit tax, relative value is ignored. The result is the same tax on old, small homes as on new, large homes. Following the principles of general property taxation, this fixed tax schedule is inequitable. Families owning higher value homes escape a large part of the tax they would pay if their homes were taxed on basis of actual value.

Bills have been introduced in the legislature for several years to raise the tax to \$6.00 or as high as \$9.00. This would raise additional revenues for local governments and schools, but would not improve equity among mobile home owners.

In defense of the fixed tax on mobile homes, it is frequently pointed out that few school-age children live in mobile home parks, and thus a higher tax for schools is not needed. But the number of school children per unit is comparable to the number in apartments, which are taxed on the bases of value.

However, this argument lacks relevance, since taxation for support of schools is not intended to correlate directly with benefits received. Demand for police services may be lower than in communities with other types of housing because the park owner often enforces stringent park regulations. Mobile homes may benefit little from fire services, especially if response time is twenty or more minutes. Sewer and water systems belonging to the park owner are paid through rents, while most of these costs for other types of housing are paid through grants, special assessments, hook-up charges and fees based on usage. Where monies support sewer and water services there is little justification for specific per unit taxation on mobile homes in parks on the basis of equity. Mobile homes on lots outside parks are taxed on the basis of value.

The park owner often provides services which are financed through taxation in other types of subdivisions. For

example, the owner of the park provides garbage and trash pick-up. He repairs and maintains streets within the park, maintains water and sewer facilities and furnishes and maintains recreation areas and equipment.

## A COMPARISON

A new 60' X 14' mobile home often has a value around \$10,000. A more typical mobile home is \$8,550. Value of a lot and related services in a modern park is about \$5,000. A young couple purchasing a mobile home might have few alternatives because of financial limitations. If this couple were to choose a conventional home, it would probably be a small one, perhaps 1,000 square feet and valued at \$25,000, including lot. Consider the 840 sq. ft. mobile home in comparison, and the 50 mill total tax levy found in some rural areas.

The owner of a small, conventional, single-family residence would pay a tax of \$625 at the assumed 50 mill rate. (see 1 below) A family living in a deluxe mobile home in a park would pay a tax equivalent of \$161 through fees and rent. (see 2 below)

### 1. A conventional single family residence

market value—	\$25,000
State Equalized Value—	\$12,500
rate 50 mills—	\$625 tax

### 2. A mobile home in a park

market value—	\$10,000
—	\$36 specific tax

### One unit of parks

market value—	\$5,000
State Equalized Value—	\$2,500
rate 50 mills—	\$125 tax
—	\$161 total tax

(If this mobile home were on a \$5,000 lot outside a park, it would be taxed at \$375.)

## Mobile Home Law

### P.A. 243

Mobile home park regulations are currently under the jurisdiction of the State Department of Health through the Environmental Health Bureau.

A number of bills relating to mobile homes and mobile home parks were under consideration by the state legislature in 1974. One of them, Substitute House Bill 5666, proposed to create a mobile home commission as an autonomous entity under the Department of Commerce. Enactment would repeal P.A. 243, the Mobile Home Park Act of 1959.



Amendments were made to P.A. 243 in 1963, 1970, 1973, and 1974. The following is a summary of key points in this Act.

The Act requires that all plans and specifications for altering, adding to, or constructing a mobile home park must be approved by the Health Department prior to granting of a permit. An affidavit is required certifying that the work authorized was constructed according to approved plans and specifications. It may be signed by the owner or contractor, or by any registered professional engineer or architect responsible for the work.

The park owner is required to obtain an annual license; the park must be inspected within six months prior to the renewal of the license. The inspector must be satisfied that the park maintenance is adequate and complies with terms of the code. Otherwise, the operator is given written notice and has a specific period to comply. Licenses are not to be granted or renewed if tenants are required to purchase their mobile home from, or through, the park owner, or if they are required to sell to, or through, him.

Minimum distances between (1) units and (2) units and parked vehicles are specified. These distances are now generally 10 feet. Road widths required for given conditions of use are named, varying according to if on-street parking is allowed and traffic is one or two-way. Other provisions cover requirements for water supply, plumbing, water-carried wastes, sewers, garbage disposal, electric service, and fire extinguishers. The park system for water supply and the sewer system must both be connected to each home site. Street maintenance and lighting are covered. Owners of abutting property are given the right to call for construction of a line fence at shared cost.

Registration records must be kept for all trailer coaches, vehicles, and occupants. The park operator is responsible for collecting a specific tax from each tenant household. The operator must report to the school district the names of school children living in the park, and grant school officials access to park records. He is instructed to report any incidence of communicable diseases.

An attendant or caretaker must be in charge of the park at all times. Any guest of a tenant is to have ingress and egress to the tenant's site without charge unless their stay exceeds 15 consecutive days. Washing of cars, animals, or other pollution-creating practices is prohibited in other than designated places. No animals may be allowed to run at large. Eviction in response to filing of complaints against the operator is not legal.

Parks are to be inspected each year. Health officers, the Commissioner of the State Police or any peace officers are to report violations to the Commissioner of Health. Operators constructing without permit, operating without a license, or in violation of the Act are guilty of a misdemeanor.

Copies of P.A. 243 may be obtained through local offices of the State Department of Health or from the Environmental Health Bureau in Lansing.

## P.A. 230

The Construction Code Commission will inspect the manufacturing of mobile homes. A label will be attached to each mobile home to show that it complies with requirements of the Code. (Fire and safety detail requirements are included in the code.)

P.A. 230 states that land use zones, fire zones, building set-back, side and rear yard and property line requirements as well as on-site development, construction and inspection are specifically and entirely reserved to local government, except where the county or state has been given the responsibility.

The local enforcement agency is to inspect site preparation work, plumbing and electrical connections before issuing a certificate of occupancy. If a unit has been seriously damaged following certification at the factory, the Code Commission will make a further inspection and order that it be brought to compliance promptly.

## Local Control

Mobile homes can provide a good place to live only if they are suitably located. In the past exclusionary practices in zoning often forced mobile home parks to develop in areas that would not have been considered suitable for other kinds of housing. They have frequently been confined to commercial and industrial areas and completely banned from some jurisdictions. Such practices did not reflect concern for the mobile home residents nor were they, in the long run, in the best interests of the total community.

More recently, authority of the local municipality to exclude or regulate mobile home parks was not consistently supported by circuit appellate courts. Existence of a valid, up-to-date, master land-use plan with reasonable provisions for the location of mobile home parks served as a strong point in the municipalities favor. But, the burden was on the municipality to show a valid reason for not permitting this use of a particular property. These rulings were based primarily on the concept that, because of the housing shortage, mobile home parks enjoyed a "favored or preferred use" status.

A decision of the Michigan Supreme Court on February 15, 1974, (*Kroph vs. City of Sterling Heights*, No. 10, June Term 1973, Cite 215 N.W. 2d179) had landmark importance for influencing future cases in the lower courts. The ruling held that an ordinance is presumed to be valid unless it totally excludes a given use from the entire area of the community.

Local governments may restrict location of mobile homes to parks or subdivisions.

Check with the Cooperative Extension Service Office and the Prosecuting Attorney in your county to find out the current status of options for local control and other related regulations.