

SECTION IX

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MANUFACTURED HOME CLASSIFICATION STANDARDS**Effective for taxable years beginning on or after July 1, 2003**

“Real property,” “real estate,” and “land” mean not only the land itself, but also buildings, structures, improvements, and permanent fixtures on the land, and all rights and privileges belonging or in any way appertaining to the property. These terms also mean a manufactured home as defined in G.S. 143-143.9(6) if it is a residential structure; has the moving hitch, wheels, and axles removed; and is placed upon a permanent foundation either on land owned by the owner of the manufactured home or on land in which the owner of the manufactured home has a leasehold interest pursuant to a lease with a primary term of at least 20 years for the real property on which the manufactured home is affixed and where the lease expressly provides for disposition of the manufactured home upon termination of the lease. A manufactured home as defined in G.S. 143-143.9(6) that does not meet all of these conditions is considered tangible personal property.

Manufactured Homes

- Formerly referred to as mobile homes or trailers, but with many more style options than in the past.
- Manufactured houses are built in a factory.
- They conform to a Federal building code, called the HUD code, rather than to building codes at their destinations.
- Manufactured homes are built on a non-removable steel chassis.
- Sections are transported to the building site on their own wheels.
- Multi-part manufactured units are joined at their destination.
- Segments are not always placed on a permanent foundation, making them more difficult to re-finance.

MOBILE HOME PARKS

MOBILE HOME PARKS RENTAL GUIDE		
Class	Estimated Monthly Ground Rent	Value Per Space (No Depreciation)
Low	\$50-\$85	\$3000-\$4000
Fair	\$86-\$100	\$4001-\$5000
Average	\$101-\$115	\$5001-\$6000
Good	\$116-\$130	\$6001-\$7000
Very Good	\$131-\$145	\$7001-\$8000
Excellent	\$146-\$160	\$8001-\$9000

CLASS DESCRIPTIONS

- Low** Minimum amenities (water, sewer, and power). Sites are usually dirt pads as opposed to concrete. Usually dirt streets where owner provides little to no ground maintenance (provided by tenant). Usually older parks.
- Fair** Minimally planned trailer parks with below average amenities, water, sewer, and power. Sites are usually dirt pads as opposed to concrete. Usually dirt streets where owner provides ground maintenance.
- Average** Well planned mobile home park with typical amenities; water, sewer, and power. Sites are usually concrete pads but have rather limited recreational facilities and other such amenities.
- Good** Well planned neighborhood designed to accommodate larger mobile homes with room to spare for a lawn. Sites are usually concrete pads. Paved streets with off-street parking and attractive landscaping.
- Very Good** Well planned neighborhood designed to accommodate large, tractor-drawn mobile homes with room to spare for lawns and gardens. Sites are usually concrete pads. Paved streets with off-street parking and attractive landscaping and complete recreational facilities. Security or other amenities not usually offered can be included.

Excellent Excellent quality and excellently planned mobile home park designed to accommodate the largest tractor-drawn or on-site erected mobile homes. Provide the user with the utmost in residential amenities including spacious lots with extensive and attractive landscaping, paved streets, ample off-street parking, and a wide variety of recreational facilities. Typically owner provides ground maintenance as well as trash collection. Security or other amenities not usually offered can be included.

BASE COST COMPONENTS

The costs per site have been developed to include the cost of normal basic on-site improvements and do not include the cost of the land, service and recreational buildings, or major recreational structures, such as swimming pools. The base components are as follows:

Engineering: Includes the design plans and specifications of the park (exclusive of buildings), engineering and surveying fees, and public fees and permits.

Grading: Includes the normal grading involved in leveling the site for drainage and roughing out roads, but does not include any abnormal site preparation, such as the excavation and terracing required for hillside sites.

Street Paving: Includes base preparation and paving.

Patios and Walks: Includes all flat work other than street paving.

Sewer: Includes all on-site lines, but does not include hook up charges, sewage disposal systems, or any off-site connections to trunk lines.

Water: Includes on-site mains and site services, but does not include wells, pumps, or any off-site connections to source lines.

Electrical: Includes on-site conduit, electrical and telephone wiring, site outlets, and street and common area lighting commensurate with the grade, but does not include the cost of any off-site connections.

Gas: Includes on-site piping, and site and building connections, but does not include any off-site mains.

Other Features: Includes the cost of average entrance ornamentation, landscaping, and common area development commensurate with the park Grade. (Note: Outdoor recreational facilities, such as swim pools, tennis courts, etc. are not included and should be computed separately.)

BASE COST ADJUSTMENTS

Many mobile homes and trailer parks are likely to possess some features which are typical of one grade and some features which are typical for another. For example, an excellent quality park may exhibit good quality "other features" such as entrance decor, landscaping, and recreational facilities; or similarly, a park may be average quality in all respects except for good quality streets. In such cases, the appraiser must analyze each park in terms of its individual components in order to determine the contribution of each component to the overall cost per site. In order to facilitate this, the specifications and corresponding costs for each component are detailed, thus enabling the appraiser to adjust the base cost either upward or downward to account for any significant variations.

PERCENT (%) GOOD GUIDELINES

Mobile home parks generally can be expected to have a life expectancy of from 10 to 30 years, depending on the quality of the park. The components of a mobile home park, as described above, are subject to the same depreciating forces as are any other real estate improvements. Physical deterioration itself is difficult to observe, but is generally directly related to the functional and economic depreciation of the park. In a going and profitable park, the actual rate of physical deterioration is arrested somewhat by regular and normal maintenance. A park that is normally maintained will have components replaced or renewed as they age. As a park goes out of style functionally and economically, maintenance becomes more and more of a cost burden to the owner and is consequently reduced or curtailed completely, allowing the process of deterioration to accelerate.

A percent good guideline table, based upon these factors relative to the effective age of the park, is included in this section. The effective age of the park may or may not be the same as the actual age (or average age if built in several phases) of the park. Generally, if a park is judged to be in average condition for its age, the effective age will be the same as the actual age. If a park is judged to be in poor condition or good condition for its age, the effective age will be somewhat more or somewhat less than the actual age. Similarly, parks judged very poor to unsound or very good to excellent would have effective ages considerably more to considerably less than their actual ages.

The table is provided only as a guide to assist the appraiser in arriving at a reasonable estimate of normal accrued depreciation. Due consideration must also be given to any abnormal factors causing further loss of value.

MOBILE HOME PARKS APPLICATION OF PRICING SCHEDULE

Site sizes and construction components may or may not be uniform throughout the park. Various portions of the park may have been developed in different years, and designed to accommodate different types of mobile home units. In such cases, it may be necessary to sectionalize the park and to price each section as a separate unit. The steps listed below would be equally applicable to an entire park or any section thereof.

1. Identify the park (or section thereof) by name, and record the following data on the property record card (preferably in the top portion of the sketch area):

- a) Enter "improved" land area. Do not include unimproved areas held in reserve for future expansion. (Make an additional note on reserve land area if any.)
- b) Total number of spaces.
- c) Year of completion. (If developed in phases, describe the number of spaces completed each year.)
- d) Compute the average site size by dividing the total improved land area by the number of sites. If individual sites vary significantly in size, make a note of this and if possible, estimate the range of site sizes within the computed average site size.
- e) Width and composition of streets, extent of patios and walks, utilities available to sites.

2. Analyze the various construction components of the subject property, giving special consideration to: the extent of planning, whether or not abnormal grading was required, the extent and quality of the streets, curbing, patios and walks, the quality of utility installation: minimum or good code, the use of private sewage treatment facilities, the source of water, public or private, the electrical service to each site, availability of hydrants and gas at each site, whether electrical conduits and other transmission lines were installed above or below ground, the extent and quality of entrance decor, landscaping, and recreational facilities, and any other characteristics essential to establishing the proper grade level of the park.

3. Determine the quality of construction of the park by comparing its components, as analyzed above, with the given specifications for each quality rating and select the corresponding base cost per site.

In many instances, a park will exhibit a composite quality which falls somewhere between two grades. In such cases, it is necessary to interpolate between the corresponding base site costs.

4. Note (on the property record card, along with the data recorded in step no. 1) any significant variations between the construction components of the subject property and the base specifications for the selected quality rating.

5. Adjust the base cost to account for significant variations between the construction components of the subject property and the base specifications for the selected quality rating, as considered in step no. 4.

This step is only necessary if the adjustment is not adequately accounted for by "intermediate grading" as described in step no. 3.

6. Multiply the average replacement cost per site, as derived in step no. 5, by the total number of sites, to arrive at the total replacement cost.

7. Determine the effective age based on the condition, desirability and usefulness of the park relative to its actual (or average) age. Determine the proper percent good allowance based on the effective age, and apply it to the total replacement cost derived in step no. 6 to arrive at the depreciated value of the park.

8. Sketch, list, and compute, by using the appropriate pricing schedule, the replacement cost and depreciated value of other improvements not included in the base site costs. This will include all permanent buildings and recreational facilities, such as swim pools, tennis courts, etc.

