



How to Classify and Appraise Tiny Houses



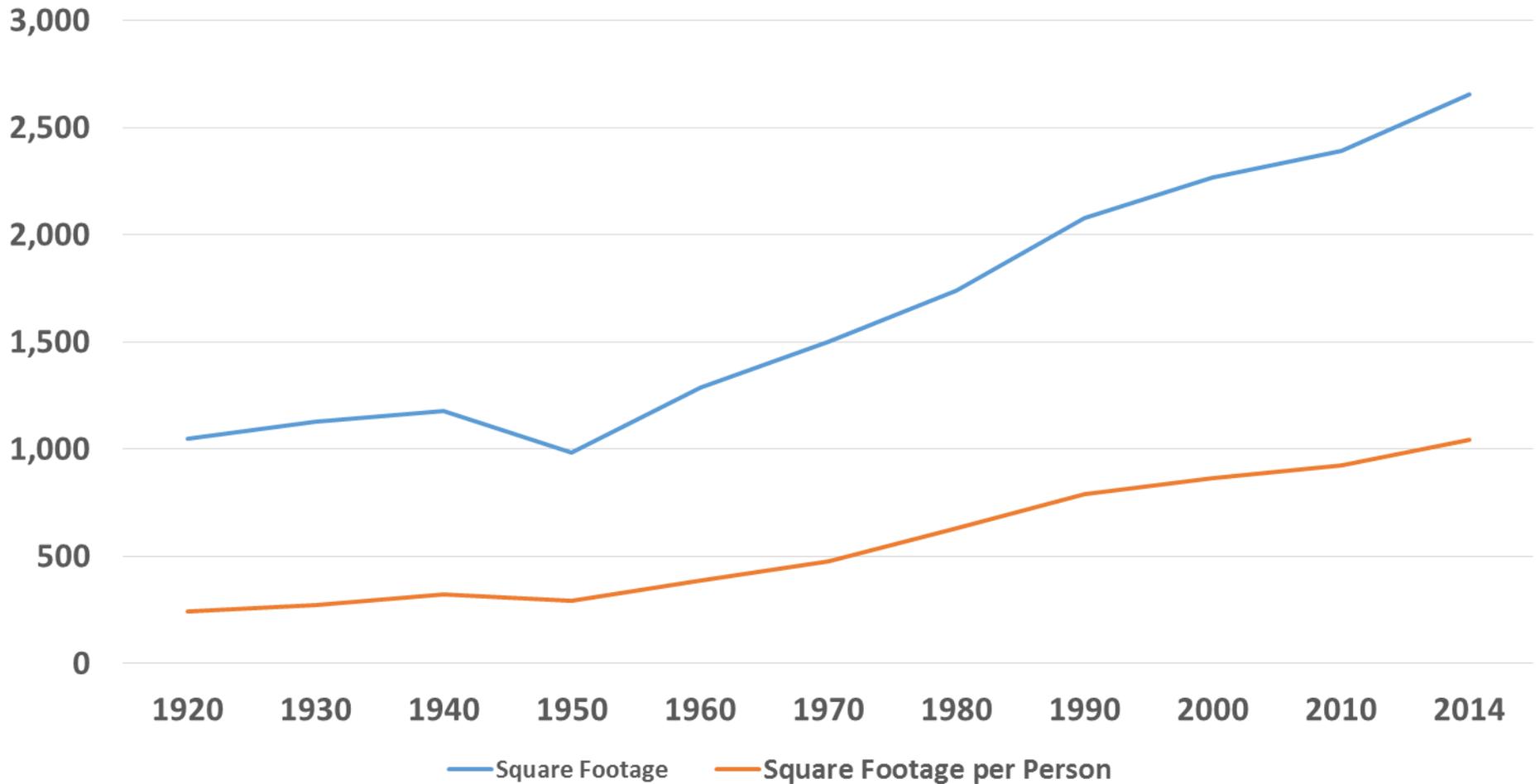


“The American Dream”

- “The dream of a land in which life should be better and richer and fuller for everyone, with opportunity for each according to ability or achievement” - James Truslow Adams, The Epic of America, 1931
 - Work hard
 - Get a good job
 - Start a family
 - Buy a house
 - Buy a bigger house
 - Accumulate wealth in your home
 - Pass the wealth to your children



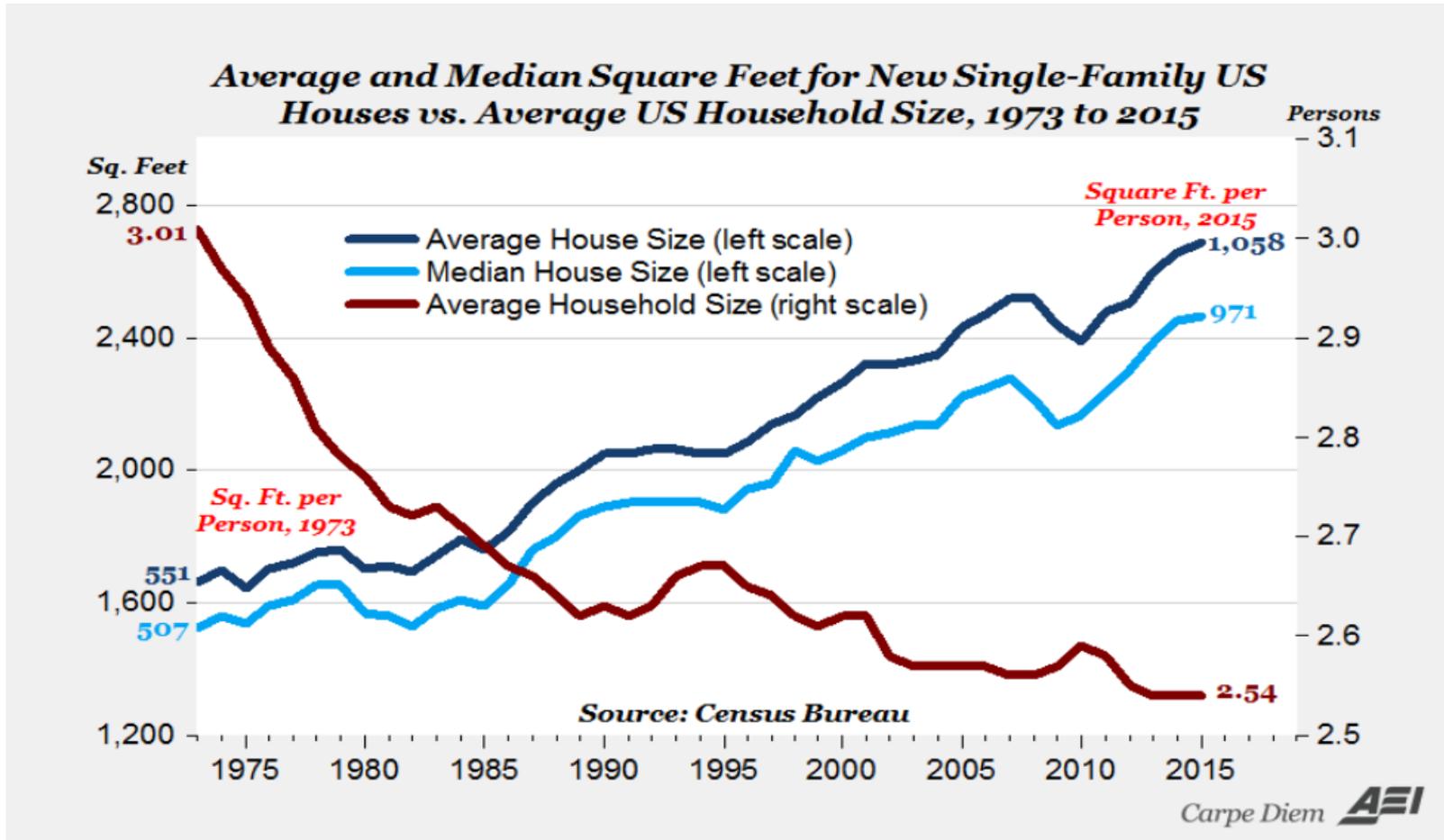
Average New Home Square Footage: 1920 - 2014



<http://247wallst.com>



The Square Footage Boom



Source: <http://www.aei.org/wp-content/uploads/2016/06/housing1.png>



Rise of the McMansion

- The early 2000's brought forth the rise of the "McMansion"
 - Large (+3,000 SF) houses
 - Often cookie cutter in design
 - Typically on small lots
 - Status symbol for many
 - Excessive



+/- 3,000 Square Feet





+/- 3,700 Square Feet





+/- 4,500 Square Feet





The Housing Crisis

- Almost 1.2 million U.S. homes were foreclosed on in 2010
- Nationwide, over 7.7 million families lost their homes throughout the entire crisis

Alabama only has roughly 3 million parcels





Foreclosure Numbers by Year: 2000-2016



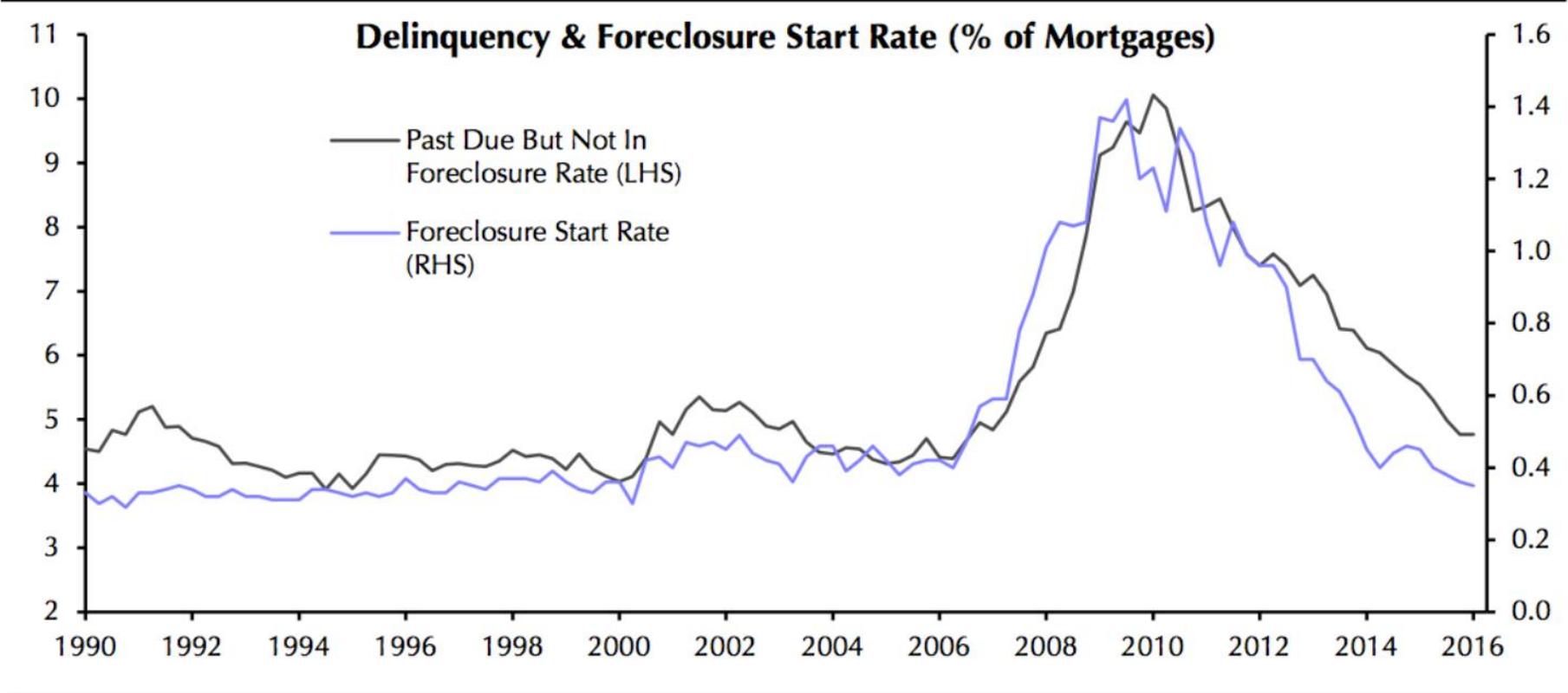
KEEPING CURRENT MATTERS

CoreLogic

<https://www.keepingcurrentmatters.com/2017/03/23/the-foreclosure-crisis-10-years-later/>



% Mortgages in Foreclosure 1990 - 2016



Capital Economics

Source: <http://www.businessinsider.com/us-delinquency-and-foreclosure-rate-down-2016-5>



A Different Perspective

- Many are now skeptical of the benefits of home ownership
- Enjoy freedoms of:
 - No mortgage
 - Ability to pick up and go
- Student debt: 2015 college graduates with loans owed roughly \$34,000 in student loans.
- For many now, the American dream does not necessarily mean home ownership

Source: www.chicagotribune.com: "Is owning a home still essential to the American Dream?"



The Tiny House Revolution

- **1998:** Sarah Susanka's book, The Not So Big House Reached #1 on Amazon
- **1999:** Jay Shafer founds Tumbleweed Tiny House Company
- **2006:** Katrina Cottages become popular in New Orleans
- **2007:** Jay Shafer shows off his 96 SF home on national television
- **2008:** Mortgage crisis takes hold
- **2014:** Tiny House Nation television show is launched
- **2014:** Tiny House Hunters television show debuts



The Tiny House Revolution continued

- **2015:** “American Tiny House Association” founded to promote the tiny house agenda
- **2016:** The International Code Council (ICC) announces that a tiny house appendix will be added to the 2018 International Residential Code (IRC)
 - Addresses non movable houses 400 S.F. and below
 - Will allow owners to receive a “Certificate of Occupancy” when built to this code
 - A major legal hurdle cleared for tiny houses



Katrina Cottages

- Post Hurricane Katrina (2005)
- Offered as a safer alternative to FEMA trailers
- Won a design award from the Hewitt Museum of the Smithsonian Institution
- A national home improvement chain began offering “Katrina Cottage” kits nationwide
- Plans are still available today from various retailers

Source: https://en.wikipedia.org/wiki/Katrina_Cottage



Katrina Cottage Example:



Photo courtesy of: https://en.wikipedia.org/wiki/Katrina_Cottage



Katrina Cottage Example:



Photo courtesy of: <https://www.marianneusato.com/untitled>



Tiny Houses in Alabama

- Not all tiny houses the same
- Identifying the different types:
 - **Site-built tiny house**
 - **Portable tiny house** (Tiny house on skids)
 - **Tiny house on wheels**
 - **Recreational Park Trailer**



Tiny House Administrative Rule

- Administrative rule has been drafted
- Reviewed in the Commissioner's office
- Set to enter the approval process



Site-Built Tiny Home Defined

- **Site-built Tiny Home** - A permanent structure, built or assembled on site and affixed to the ground with a permanent foundation. Ownership of the structure would pass to a vendee by the conveyance of the land or property. It is designed specifically for use as a permanent or temporary dwelling, by the owner, lessee, or assigns. The structure may be considered an accessory dwelling unit, or may stand alone.



Site-Built Tiny Home Example:





Site-Built Tiny Home Example:





Site-Built Tiny Home Example:





Site-Built Tiny Home Example:





Site-Built Tiny Home Procedures

- Site-built Tiny Homes shall be assessed for ad valorem tax purposes as real property on October 1 in the county where the building is located. Each structure shall be valued according to the Alabama Appraisal Manual.



Site-Built Tiny Home Table

Table 101

TABLE 101 "TINY" SINGLE FAMILY RESIDENCE

SqFt	F-	F0	F+	E-	E0	E+	D-	D0	D+	C-	C0	C+
100	\$86.92	\$94.82	\$100.09	\$106.01	\$111.94	\$118.52	\$125.11	\$131.69	\$137.62	\$144.20	\$151.44	\$160.66
200	62.08	67.73	71.49	75.72	79.96	84.66	89.36	94.07	98.30	103.00	108.17	114.76
300	52.56	57.34	60.53	64.11	67.70	71.68	75.66	79.64	83.23	87.21	91.59	97.16
400	45.53	49.67	52.43	55.53	58.63	62.08	65.53	68.98	72.09	75.53	79.33	84.16



Stick-Built Tiny House Table Flow

TABLE 101 "TINY" SINGLE FAMILY RESIDENCE

SqFt	F-	F0	F+	E-	E0	E+	D-	D0	D+	C-	C0	C+	B-
100	\$86.92	\$94.82	\$100.09	\$106.01	\$111.94	\$118.52	\$125.11	\$131.69	\$137.62	\$144.20	\$151.44	\$160.66	\$171.86
200	62.08	67.73	71.49	75.72	79.96	84.66	89.36	94.07	98.30	103.00	108.17	114.76	122.75
300	52.56	57.34	60.53	64.11	67.70	71.68	75.66	79.64	83.23	87.21	91.59	97.16	103.93
400	45.53	49.67	52.43	55.53	58.63	62.08	65.53	68.98	72.09	75.53	79.33	84.16	90.02
500	41.39	45.15	47.66	50.48	53.30	56.44	59.57	62.71	65.53	68.67	72.12	76.51	81.84
600	41.07	44.81	47.30	50.10	52.90	56.01	59.12	62.23	65.03	68.14	71.57	75.92	81.21

Blends Seamlessly with the 111 Table



Portable Tiny Home Defined

- **AKA: Tiny House on Skids (THOS)**
- **Portable Tiny Home** - A site-built or factory fabricated transportable building, typically built on a wooden frame with either an aluminum or wood exterior and mounted on a skid foundation for ease of loading and unloading. The structure may be transported by use of some other motorized vehicle or trailer, only to change permanent locations. The interior has been finished like a residence for use as a permanent or temporary dwelling by the owner, lessee, or assigns.



Tiny House on Skids Example:



Picture from: <http://tinyhouseblog.com/stick-built/showcase-sheds-tiny-house/>



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Tiny House on Skids Example:





Tiny House on Skids Example:





Tiny House on Skids Example:





Tiny House on Skids Example:





Tiny House on Skids Example:





Tiny House on Skids Example:





“Cabin” on Skids Before Conversion:





“Cabin” on Skids Before Conversion:





“Cabin” on Skids Before Conversion:





Portable Tiny Home (THOS) Procedures

- Portable Tiny Homes in-place as of October 1, shall be assessed for ad valorem tax purposes as improvements to realty. The Alabama Appraisal Manual will be used to value these improvements and they shall be revalued on the same schedule as other real property in the county.



Portable Tiny Home Table

Tiny House on Skids

Cost is *per square foot*

Description	Low Cost	Average	Good	Excellent
Tiny House on Skids	\$38.60	\$51.60	\$68.20	\$87.00
Add for:				
Lofted cabin	710.00			



Tiny House On Wheels Defined

- **Tiny House on Wheels** - A vehicle without motive power, designed and constructed as a camping vehicle or temporary dwelling, living, or sleeping place drawn by a private passenger automobile or pickup truck but not including folding or collapsible camping trailers included within the definition of utility trailer as defined in Section 40-12-240(28), or manufactured homes as defined in Section 40-12-255(n), Code of Alabama, 1975.



Tiny House On Wheels Defined



Picture from: <http://timbercrafttinyhomes.com/gallery/>



Tiny House On Wheels Procedures

- Tiny Houses on Wheels shall be assessed for ad valorem tax purposes according to the laws governing the taxation of travel trailers
- These will need to be issued a license plate, or otherwise pay the ad valorem tax required for a travel trailer



Recreational Park Trailer Defined

- **AKA Park Model RV**
- **Recreational Park Trailers (Park Model RV)** – A transportable unit which is built on a single chassis, with a body width not exceeding 14 feet, and having a gross trailer area of 400 square feet or less in the set-up mode when measurements are taken on the exterior of the trailer. The square footage includes all the siding, corner trim, molding, storage space, and area enclosed by windows, but not the roofing overhang. A park model is not manufactured with the intent of being a permanent dwelling, however, it is sometimes used as such. These trailers are designed to be drawn or pulled down the highway only to change long-term placements.



Park Model Examples:



Wheels underneath



Park Model Examples:



Wheels

Cabins at Roland Cooper State Park



Park Model Examples:



Cabins at Roland Cooper State Park



Park Model Examples:



Cabins at Roland Cooper State Park



Park Model Examples:



Cabins at Roland Cooper State Park



Park Model Examples:



Cabins at Roland Cooper State Park



Park Model Examples:



Picture from: <http://www.ingramrvcenter.com/Vehicles/frmVehicle.aspx?VehicleID=1336>



Park Model Examples:



Picture from: <http://www.ingramrvcenter.com/Vehicles/frmVehicle.aspx?VehicleID=1336>



Recreational Park Trailer Procedures

- Recreational Park Trailers which are not tagged shall be treated for taxation in the same manner as manufactured homes.
 - (1) Recreational Park Trailers Subject to Ad Valorem Taxation - All recreational park trailers located on land owned by the recreational park trailer owner where the recreational park trailers are not rented or leased for business purposes may be subject to assessment for ad valorem tax purposes and the recreational park trailers may be considered as miscellaneous improvements to realty. Recreational park trailers located on land owned by the recreational park trailer owner and used by the owner-occupant for business purposes are subject to ad valorem tax (Class II). Recreational park trailers located on land owned by the recreation park trailer owner where the owner allows someone to occupy the trailer rent free, the recreational park trailer may be subject to ad valorem tax. Ownership interests in the recreational park trailer and the land must be the same for it to be assessed for ad valorem tax purposes. Recreational park trailers assessed for ad valorem tax purposes with the realty shall be valued according to the Alabama Appraisal Manual and those recreational park trailers shall be revalued on the same time schedule as other real property in the county. An ad valorem tax decal shall be issued and properly displayed on any recreational park trailer which is subject to ad valorem tax with the realty in accordance with regulation 810-4-2-.02 for manufactured homes.



Recreational Park Trailer Procedures cont.

- Recreational Park Trailers which are not tagged shall be treated for taxation in the same manner as manufactured homes. (continued)
 - (2) Recreational Park Trailers Subject to Registration - Every person, firm, or corporation who owns, maintains, or keeps in this state a recreational park trailer which is located on land owned by someone other than the recreational park trailer owner, or recreational park trailers located on land owned by the recreational park trailer owner and such recreational park trailers are rented or leased for business purposes may be subject to registration as outlined in regulation 810-4-2-.03 for manufactured homes.



Recreational Park Trailer Table

Park Model Table

Rates are based on *Total Adjusted Area*

Square Feet	Class E	Class D	Class C	Class B
150 & below	\$178.60	\$215.20	\$264.70	\$312.00
200	142.90	172.20	211.80	249.60
250	127.70	153.90	189.30	223.10
300	106.30	128.00	157.50	185.70
350 & up	89.30	107.60	132.30	156.00



Administrative Rule Progress

- Counties will be notified if approved
- Possible legislation
- Tables will be released after approval of a rule
 - Vendors
 - County appraisers
 - State analysts



Conclusion

- As the tiny house movement grows, the Department of Revenue will continue to adapt
- County input is vital to success
 - Cost information
 - Sales information
 - Pictures