SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 635 (Ahrens) - Mobilehome Residency Law Protection Program: Attorney General

Version: August 3, 2026
Urgency: No
Hearing Date: August 10, 2026

Policy Vote: HOUSING 8 - 2, JUD. 11 - 2
Mandate: No
Consultant: Mark McKenzie

Bill Summary: AB 635 would extend the sunset on the Mobilehome Residency Law Protection Program (MRLPP), which provides for the administrative review and referral of complaints alleging violations of the Mobilehome Residency Law (MRL), to January 1, 2033. The bill would also make other changes to the program, including restructuring the program to provide grants to legal service providers (LSPs), beginning on July 1, 2029, rather than contracting directly with those entities, and referring complaints to LSPs for possible enforcement action, as specified.

Fiscal Impact:

- The Department of Housing and Community Development (HCD) indicates that it would only incur "minor and absorbable" costs to implement this bill. However, staff notes that, according to budget documents and the MRLPP's fund condition statements, HCD's State Operations costs associated with the current program are projected to be $4.05 million in 2026-27 (for both staffing and contract costs), so it appears safe to assume that a similar amount will be incurred to continue to operation of the program, at least through the 2029-30 fiscal year, when the MRLPP will be restructured as a grant program. HCD was unable to provide an estimate of any projected changes to staffing and resource needs from July 1, 2030 through the bill's sunset date of January 1, 2033, so it is unclear whether costs to continue the program as a grant program will result in higher or lower costs than the current level of State Operations expenditures. Funding required for contracts through 2029-30 and grants through January 1, 2033 would depend upon the number of complaints received and referred to LSPs, which may be higher since the bill expands complaints to alleged violations of local ordinances and HCD's expectations that a broader portion of the state will be served. (Mobilehome Dispute Resolution Fund)

- Ongoing annual fee revenue gains of approximately $3.52 million annually until January 1, 2033 from the continued collection of an annual registration fee of $10 for each mobilehome lot located within a park that is subject to the MRL. (Mobilehome Dispute Resolution Fund)

Background: Existing law, the Mobilehome Residency Law, outlines various obligations, rights, and responsibilities between mobilehome park management and park residents. Among other provisions, the MRL requires rental agreements between the management and a homeowner to be in writing and to contain specified terms and provisions, requires the management to meet and consult with homeowners, either individually, collectively, or with representatives of a group of homeowners, on specified matters within thirty days of a written request to do so, and prohibits management from terminating or refusing to renew tenancy within a park, except for specified reasons and upon giving written notice to the homeowner.

Existing law, as enacted by AB 3066 (Stone), Chap. 774/2018, and extended by AB 318 (Addis), Chap. 736/2023, establishes the MRLPP within HCD to coordinate the resolution of alleged violations of the MRL by providing mobilehome park residents with an avenue for lodging complaints of MRL violations and receiving assistance with the resolution of those violations. Under the program, HCD is required to receive, review, and refer allegations of MRL violations to the appropriate enforcement agency or nonprofit LSPs that it contracts with for evaluation and to assist the residents in resolving the issues with park management. If a complaint is within HCD's jurisdiction, the department refers the complaint to its Division of Codes and Standards. HCD must send the complainant and park management a notice if it selects the complaint for referral to an LSP. HCD is permitted to aggregate multiple complaints into a single investigation when the complaints deal with a common mobilehome park owner or a common mobilehome park management company.

To fund the program, existing law requires HCD to assess upon the management of a mobilehome park and collect an annual registration fee of $10 for each mobilehome lot located within the mobilehome park that is subject to the MRL. Park management may pass on all or a portion of the fee to the homeowners within the mobilehome park, as specified. Existing law requires HCD to submit specified information regarding the MRLPP in its annual report, including the amount of registration fees collected and amount spent on the program, the total number of complaints received, processed and referred to an enforcement agency or LSP, outcomes of complaints and recommendations for any statutory or administrative changes to the program. The program is scheduled to sunset on January 1, 2027.

The California State Auditor performed an audit of the MRLPP and released its findings on December 19, 2023 (Audit Report 2023-112). The Auditor concluded that HCD must improve its oversight of the program and noted the following: (1) attorney-client privileges prevent LSPs from sharing confidential information with HCD regarding services provided to complainants; (2) HCD did not stop some LSPs from inappropriately denying services to complainants; and (3) HCD did not maintain data in a manner that would allow it to easily identify the total number of complaints, those that require secondary review, or identify uniform information on complaint outcomes. Furthermore, the Audit report recommended that HCD suspend collection of the $10 fee because of the large accumulation of unspent program funds. HCD agreed to implement a number of the Auditor's recommendations but expressed significant concern with the recommendation to implement a fee collection freeze.

The most recent annual report published by HCD (for the 2023-24 fiscal year) included summary information on the MRLPP, as well as a recommendation to transition the MRLPP to a grant program. Specifically, the annual report noted that moving to a grant program will encourage statewide coverage without the risks and constraints associated with the LSP contracting requirements under current law. Further, HCD operational overhead will be reduced, allowing for more funds to be used for educating and providing legal assistance directly to mobilehome owners. Lastly, the report noted that HCD will need authority to use funds from the annual registration fees to cover administrative costs for the implementation and operation of the grant program.

Proposed Law: AB 635 would extend the sunset on the MRLPP to January 1, 2033, and make the following changes to the program:

- Require HCD to refer alleged violations of the MRL, specified provisions related to the conversion or closure of a mobilehome park, or related local ordinances, including rent stabilization ordinances, to a nonprofit LSP within 5 days of receipt.
- Authorize HCD to refer alleged violations of local ordinances to the appropriate enforcement entity.
- Authorize HCD to make multiple referrals in accordance with the MRLPP, and require HCD to avoid duplication of effort in complaints referred more than once.
- Revises the required content of letters HCD must send out to a complaining party to remove the requirement to cite specific references to the MRL and add a requirement to include information regarding a referral to a nonprofit LSP.
- Delete a requirement that HCD send a letter to the complainant and the mobilehome park management or owner if HCD selects the complaint for referral and evaluation by a nonprofit LSP.
- Authorize HCD to aggregate only multiple complaints of violations of laws or regulations within HCD's jurisdiction into a single investigation.
- Sunset the current provisions of the MRLPP that requires HCD to contract with nonprofit LSPs and refer complaints for evaluation and possible enforcement action on June 30, 2029. Existing contracts with LSPs would be effective until the following grant process has been fully developed by HCD, as specified.
- Require HCD to develop a grant process by July 1, 2029 to distribute MRLPP funds to one or more qualified and experienced nonprofit LSPs and refer any complaints to LSPs for possible enforcement action.
- Require HCD to fully develop the grant process, require that process to be fully operational for all complaints by July 1, 2029, and require HCD to begin referring any alleged violations pursuant to this grant process no later than July 1, 2030.
- Require nonprofit LSPs participating in the MRLPP to meet specified requirements that apply to those participating in the current program, and also require LSPs to have sufficient staff and financial ability to provide for legal services to homeowners and residents of mobilehome parks, as specified.
- Clarify information that HCD must include in its annual report regarding the MRLPP.
- Make other conforming changes.

Related Legislation: AB 318 (Addis), Chap. 736/2023, extended the sunset on the MRLPP to January 1, 2027, and made a number of changes to the requirements regarding how HCD evaluates and refers complaints under the program.

AB 3066 (Stone), Chap. 774/2018, established the MRLPP within HCD as a five-year pilot program for the administrative review and referral of complaints alleging violations of the MRL, and sunset the program on January 1, 2024.

Staff Comments: Existing law requires HCD to report specified information in its annual report, and the department also publishes program data on its website. The most recent HCD annual report is for the 2023-24 fiscal year, but MRLPP data was published on September 12, 2025 covering the cumulative time period from July of 2020 through June of 2025. The report notes total fee revenue collected since the inception of the program is approximately $20.2 million with program expenditures totaling approximately $10.2 million (which does not appear to fully account for contract obligations). According to the Mobilehome Dispute Resolution Fund's fund condition statement in the 2026-27 enacted budget, the Fund is projected to have a reserve of approximately $6.15 million at the end of the current budget year (a decline of $1.17 million since 2024-25). In addition, the report described the cumulative number of allegations received, processed, and referred to an LSP or another enforcement agency, the type of complaint allegations received broken down by section of the MRL, and a geographic distribution of complaints by county. As of the end of 2024-25, HCD reports having received a total of 7,783 complaints, of which 6,893 were processed and 1,843 were referred to another enforcement agency or to an LSP for further action.

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