Office of Senate Floor Analyses
(916) 651-4171

THIRD READING

Bill No:	AB 635
Author:	Ahrens (D), et al.
Amended:	8/3/26 in Senate
Vote:	21

SENATE HOUSING COMMITTEE: 8-2, 6/24/25
AYES: Wahab, Arreguín, Cabaldon, Caballero, Cortese, Durazo, Gonzalez, Padilla
NOES: Seyarto, Ochoa Bogh
NO VOTE RECORDED: Grayson

SENATE JUDICIARY COMMITTEE: 11-2, 6/23/26
AYES: Umberg, Allen, Ashby, Caballero, Durazo, Laird, Reyes, Stern, Wahab, Weber Pierson, Wiener
NOES: Niello, Valladares

SENATE APPROPRIATIONS COMMITTEE: 5-2, 8/13/26
AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab
NOES: Seyarto, Dahle

ASSEMBLY FLOOR: 56-11, 6/3/25 - See last page for vote

SUBJECT: Mobilehome Residency Law Protection Program: Attorney General

SOURCE: Golden State Manufactured-home Owners League, INC.

DIGEST: This bill requires the Department of Housing and Community Development (HCD) to refer alleged violations of the Mobilehome Residency Law (MRL) to specified nonprofit legal service providers (LSPs), requires HCD to make specified conforming changes to the Mobilehome Residency Law Prevention Program (MRLPP), and extends the sunset date of the MRLPP from 2027 to June 30, 2033.

ANALYSIS:

Existing law:

1) Establishes the MRLPP at HCD to intake complaints regarding alleged violations of the MRL and refer complaints to LSPs.

2) Requires HCD to refer allegations of violations of law or regulations within HCD's jurisdiction to the Division of Codes and Standards within HCD. Prohibits HCD from arbitrating, mediating, negotiating, or providing legal advice in connection with mobilehome park rent disputes, leas or rental disputes arising from lease or rental agreements, but authorizes HCD to provide information on those issues to the complaining party, management, or other responsible party.

3) Authorizes HCD to refer any alleged violations of law or regulations that are not within HCD's jurisdiction to the appropriate enforcement agency.

4) Sunsets the MRLPP on January 1, 2027.

This bill:

1) Requires HCD, under the MRLPP, to refer alleged violations of the MRL or related local ordinances, including rent stabilization ordinances, to an LSP, as specified, within five days of receipt.

2) Authorizes HCD to make multiple referrals and to aggregate multiple complaints of violations of law or regulations within HCD's jurisdiction. HCD shall avoid duplication of effort in any complaints that are referred more than once.

3) Provides that if HCD refers the complaint to a LSP pursuant to (1), HCD shall communicate that referral to the complaining party in a letter.

4) Requires HCD, until June 30, 2029, to contract with one more qualified and experienced LSP and refer complaints for selected evaluation and which are not resolved by HCD to those LSPs for possible enforcement action. Specifies which LSPs HCD may contract with.

5) Provides that a LSP shall have the sole authority to determine which referred complaints will be addressed or pursued, based on the resources provided to it by, and contract entered into with, HCD.

6) Requires an LSP to inform HCD of any complaints not handled due to a shortage of resources.

7) Prohibits a LSP from charging fees to any homeowner for services performed in connection with a complaint referred to it by HCD.

8) Requires HCD to develop a grant process to distribute funds to one or more qualified LSPs and refer any complaints to those LSPs for possible enforcement action. The grant process shall be fully operational for all complaints by July 1, 2029, and begin referring complaints by July 1, 2030.

9) Prohibits an LSP that receives a grant from HCD from doing either of the following:

   a) Charge any fees to a homeowner for any services performed in connection with a complaint referred to it by HCD.
   b) Deny services based on income limits or other financial data of the complainant.

10) Extends the sunset date of the MRLPP from January 1, 2027 to June 30, 2033.

11) Requires HCD's annual MRLPP reports to include additional information on the number of complaints referred to an LSP or other appropriate enforcement agency.

Background

Mobilehomes and the MRL generally. More than 1 million people live in California's approximately 4,500 mobilehome parks. Mobilehomes are not truly mobile, in that it is often cost prohibitive to relocate them or the home cannot retain its structural integrity if dismantled and reinstalled elsewhere. A mobilehome owner whose home is located in a mobilehome park does not own the land the unit sits on, and must pay rent and fees for the land and any community spaces.

The MRL extensively regulates the relationship between landlords and homeowners who occupy a mobilehome park. A limited number of provisions also apply to residents who rent, as opposed to own, their mobilehome. The MRL has two parts: Articles 1 through 8 apply to most mobilehome parks and Article 9 applies to resident-owned parks or parks which are established as a subdivision, cooperative, or condominium. The provisions cover many issues, including: 1) the rental and lease contract terms and specific conditions of receipt and delivery of written leases, park rules and regulations, and other mandatory notices; 2) mandatory notice and amendment procedures for mobilehome park rules and regulations; 3) mandatory notice of fees and charges, and increases or changes in them; and 4) specified conditions governing mobilehome park evictions. A dispute that arises pursuant to the application of the MRL generally must be resolved in a civil court of competent jurisdiction.

Comments

HCD and mobilehomes. HCD oversees several areas of mobilehome law, including health and safety standards, registration and titling of mobilehomes and parks, and, through the Mobilehome Ombudsman, assists the public with questions or problems associated with various aspects of mobilehome law. The Mobilehome Ombudsman provides assistance by taking complaints and helping to resolve and coordinate the resolution of those complaints. However, the Ombudsman does not have enforcement authority for the MRL, and cannot arbitrate, mediate, negotiate, or provide legal advice on mobilehome park rent disputes, lease or rental agreements, but may provide general information on these issues.

HCD also inspects parks and mobilehomes for health and safety issues. Under the Mobilehome Park Maintenance (MPM) program, HCD annually inspects a selection of parks each year for compliance with specified health and safety requirements. The program is funded through a $4 fee, of which the property owner may charge half ($2) to the homeowners. In addition to the MPM program, HCD also responds to health and safety complaints under the Mobilehome Parks Act.

Mobilehome Residency Law Protection Program. AB 3066 (Stone, Chapter 744, Statutes of 2018), established the MRLPP as a five-year pilot program at HCD to intake complaints regarding alleged violations of the MRL and refer complaints to legal service providers (LSPs). LSPs have the sole authority under the law to determine which referred complaints will be addressed or pursued. LSPs are prohibited by program rules from charging fees to any homeowner, as the program is funded via a $10-per-lot fee paid by homeowners and deposited into the Mobilehome Dispute Resolution Fund for program administration. The MRLPP was originally scheduled to sunset on January 1, 2024. In 2023, AB 318 (Addis, Chapter 736, Statutes of 2023) extended the sunset date of the MRLPP to January 1, 2027, and made additional changes to the program rules, some of which had been recommended in HCD's evaluation of the pilot program. These changes included removing the requirement for HCD to select only the most severe, deleterious, and materially and economically impactful alleged violations for referral to LSPs, and removing the requirement for parties to spend the first 25 days attempting to negotiate a resolution to the alleged violation in good faith.

The MRLPP now has an annual reporting requirement and HCD recently published program information on March 14, 2025, covering the cumulative time period from July 2020-December 2024. The report notes total revenue collected of $17 million and total expenditures, including estimated expenses for fiscal year 2024-25, of $9.4 million, leaving a balance in the Fund of approximately $8.4 million at the conclusion of the fiscal year. 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. To date, HCD reports having received a total of 7,002 complaints, of which 6,300 were processed and 1,580 were referred to another enforcement agency or to an LSP for further action.

MRLPP Audit. The California State Auditor performed an audit of the MRLPP, and its findings were released on December 19, 2023, in Audit 2023-112. An excerpt of the Auditor's letter to the Legislature announcing the audit findings is below:

"Although LSPs are responsible for providing services to complainants, attorney-related privileges limit HCD's ability to effectively oversee the work done by these contractors. The privileges prevent the LSPs from providing information—such as the number of hours they work on a complaint or investigations they perform to assist complainants—that HCD needs to determine if the LSPs are serving referred complainants. We also found that HCD did not take immediate action when LSPs notified it that they were denying services to complainants based on incorrect eligibility criteria and that HCD's program data are not of good enough quality to allow HCD to report accurately or efficiently to the Legislature as required.

> "The program is funded by an annual $10 per lot fee paid by mobilehome park owners. Although we determined that HCD generally spent program funding appropriately, it has spent less than 40% of the program's revenue it has collected and has consequently accumulated $8.3 million in unspent funds. Even if HCD's annual costs grow, the amount of unspent funds will likely continue to grow if the Legislature does not reduce the fee. To assess the appropriateness of the program's fee, we modeled different scenarios and determined that suspending the fee from fiscal year 2024–25 through the program's sunset date in January 2027 would reduce the unspent fund balance and still allow HCD sufficient funding to address complaints."

HCD agreed to implement a number of the Auditor's recommendations but expressed significant concern with the recommendation to the Legislature to implement a fee collection freeze. A handful of bills were proposed in 2024 that would have implemented some of the Auditor's recommendations relating to improving HCD's oversight of LSP contractors, though none reached the Governor's desk.

More oversight and dispute resolution. This bill requires HCD to refer alleged MRL violations, including local related local ordinances, to an LSP within five days of receipt. In other words, HCD would continue to review complaints over health and safety code violations, but now would be required to refer alleged violations of the MRL to LSPs. This bill also requires HCD to update the MRLPP requirements specific to contracting and reporting requirements for LSPs that are eligible to receive grants from the program. These changes attempt to address multiple challenges with the current complaints process and the implementation and utilization of funds available through the MRLPP. First, this bill would ensure that specific allegations are referred to LSPs, and done so within five days. Second, it would ensure HCD has greater oversight over the LSPs that are receiving specific complaints to ensure they have adequate resources to review and investigate MRL violation allegations. Finally, these changes attempt to utilize existing funds in the MRLPP, as well as ensure legal assistance continues to be available to those who need it the most.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- 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)

SUPPORT: (Verified 8/13/26)

Golden State Manufactured-home Owners League, INC. (Source)
City of Citrus Heights

OPPOSITION: (Verified 8/13/26)

California Mobilehome Parkowners Alliance
Western Manufactured Housing Communities Association

ARGUMENTS IN SUPPORT: According to the author, "Recognizing the significant increase in housing costs and the ongoing instability that many people face, I am committed to ensuring that residents of mobile home parks feel secure and at ease in their living situations. Through the Mobilehome Residency Law Act, we aim to establish comprehensive protections that shield residents from unfair practices, such as arbitrary rent hikes, unjust evictions, and exploitation by park owners. By creating a more equitable framework, we strive to foster a supportive and stable community for all mobile home park residents."

ARGUMENTS IN OPPOSITION: Park owners oppose extending the sunset of the MRLLP, stating that the program "has not been a successful experiment and is simply costing residents and parkowners money." They argue that although the program is underutilized, it continues to collect a $10 lot fee from residents. Park owners are also concerned that this bill requires HCD to refer to the AG what it in good faith selects as the most severe and impactful allegation, as they feel this requirement could enable complaints that are not legitimate to be referred.

ASSEMBLY FLOOR: 56-11, 6/3/25
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ward, Wicks, Wilson, Zbur, Rivas
NOES: Davies, DeMaio, Dixon, Ellis, Gallagher, Hadwick, Hoover, Patterson, Sanchez, Tangipa, Wallis
NO VOTE RECORDED: Bains, Calderon, Castillo, Chen, Flora, Jeff Gonzalez, Mark González, Lackey, Macedo, Blanca Rubio, Ta, Valencia

Prepared by: Alison Hughes / HOUSING / (916) 651-4124
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