CONCURRENCE IN SENATE AMENDMENTS
AB 635 (Ahrens)
As Amended August 3, 2026
Majority vote

SUMMARY

Extends the sunset date of the Mobilehome Residency Law Protection Program (MRLPP) to June 30, 2033, makes changes to the MRLPP by transitioning the program to a grant program, and requires the Department of Housing and Community Development (HCD) to refer complaints of alleged violations of the Mobilehome Residency Law (MRL) and other specified laws to a nonprofit legal services provider (LSP), as specified.

Senate Amendments

1) Delete the requirement that HCD refer a maximum of 25 alleged violations of the MRL in any given fiscal year to the office of the Attorney General.

2) Sunset the existing requirement for HCD to contract with one or more qualified LSPs and to refer complaints selected for evaluation to those LSPS for possible enforcement action on June 30, 2029.

3) Require HCD to develop a grant process, as specified, to distribute funds to one or more qualified LSPs by July 1, 2029, and to begin referring complaints to LSPs for possible enforcement action of any alleged violation by no later than July 1, 2030.

4) Extend the sunset date of the MRLPP to June 30, 2033.

COMMENTS

Background: 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.

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 for compliance with health and safety requirements under the Health and Safety Code (Mobilehome Parks Act) and Title 25. 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.

MRLPP: 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 LSPs. LSPs have the sole authority under the law to determine which referred complaints will be addressed or pursued and are prohibited from charging fees to any homeowner under the program rules, as the program is funded via a $10-per-lot fee paid by homeowners and deposited into the Fund for program administration. The MRLPP was originally scheduled to sunset on January 1, 2024. In 2023, AB 318 (Addis), Chapter 736, extended for three years 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.[1] 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.[2] 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.

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[1] https://www.hcd.ca.gov/sites/default/files/docs/manufactured-and-mobilehomes/0325-mpm-taskforce-mrlpp-attachment.pdf
[2] https://www.auditor.ca.gov/reports/2023-112/index.html

> 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.

This Bill: This bill makes changes to the MRLPP by transitioning the existing structure of the program to one that is more like a grant program. Under this bill, HCD would continue to contract with one or more qualified LSPs and refer complaints selected for evaluation to those LSPs for possible enforcement action until June 30, 2029. By July 1, 2029, HCD must develop and make fully operational a grant process to distribute funds to one or more qualified LSPs, and must begin referring any alleged violations not within HCD's jurisdiction to participating LSPs. Selection criteria for prospective LSPs to receive grant funding is substantially similar to the criteria to be eligible to contract with HCD as an LSP under the existing program. This bill also requires HCD to refer any alleged violations of the MRL, process for change of use of a mobilehome park, or related local ordinances, including rent stabilization ordinances, to an LSP within five days of receipt.

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 mobilehome parks are secure and in their living situations. Through the Mobilehome Residency Law and other mobilehome related laws, California provides protections that shield residents from arbitrary rent hikes, unjust evictions, and confiscation of residents' mobilehomes."

Arguments in Support
According to the Golden State Manufactured-home Owners League, "For mobilehome residents, AB 635 is about improving access to justice, stability, and dignity. It recognizes that mobilehome residents need a functioning system that connects us with meaningful help and protects the communities we call home."

Arguments in Opposition
According to the California Mobilehome Parkowner's Alliance, "Unfortunately, the MRLPP has fallen far short of expectations. The program is 93% under-utilized based on initial estimates for the program's caseload. Nevertheless, the program continues to collect an annual lot fee of $10 that can be collected from residents. The underutilization of the program and the rejection of reasonable reforms suggested in part by the State Auditor has resulted in a $7.7 million surplus in the program." "Sunset provisions are placed in statute to allow new programs the opportunity to prove themselves. If they do not, the sunset provision ensures that the state and fee payer's limited resources are used wisely. Unfortunately, the MRLPP has not been a successful experiment and is simply costing residents and parkowners money."

FISCAL COMMENTS

According to the Senate Appropriations Committee, as amended August 3, 2026:

1) 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)

2) 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)

VOTES:

ASM HOUSING AND COMMUNITY DEVELOPMENT: 9-1-2
YES: Haney, Ávila Farías, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Wicks, Wilson
NO: Gallagher
ABS, ABST OR NV: Patterson, Ta

ASM JUDICIARY: 8-2-2
YES: Kalra, Bryan, Connolly, Harabedian, Pacheco, Papan, Stefani, Zbur
NO: Dixon, Sanchez
ABS, ABST OR NV: Bauer-Kahan, Macedo

ASM APPROPRIATIONS: 11-2-2
YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache
NO: Dixon, Tangipa
ABS, ABST OR NV: Sanchez, Ta

ASSEMBLY FLOOR: 56-11-12
YES: 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
NO: Davies, DeMaio, Dixon, Ellis, Gallagher, Hadwick, Hoover, Patterson, Sanchez, Tangipa, Wallis
ABS, ABST OR NV: Bains, Calderon, Castillo, Chen, Flora, Jeff Gonzalez, Mark González, Lackey, Macedo, Blanca Rubio, Ta, Valencia

UPDATED

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