
SENATE COMMITTEE ON HOUSING
Senator Jesse Arreguín, Chair
2025 - 2026 Regular

Bill No: SB 996 **Hearing Date:** 3/17/2026
Author: Padilla
Version: 2/9/2026 Introduced
Urgency: No **Fiscal:** Yes
Consultant: Ryan Hardmeyer

SUBJECT: Manufactured housing: classification as real property

DIGEST: This bill establishes the Manufactured Housing Real Property Modernization Act of 2026, which expands manufactured homeowner access to mortgages by expanding which homes may be titled as real property.

ANALYSIS:

Existing law, pursuant to the California Constitution:

- 1) Requires all property to be taxed at the same percentage of fair market value, except as otherwise provided by the California Constitution or federal law.
- 2) Establishes the State Board of Equalization (BOE) with prescribed duties relating to taxes imposed on property under these provisions.
- 3) Requires the BOE to prescribe rules and regulations to govern local boards of equalization when equalizing, and assessors when assessing, and to prepare and issue instructions to assessors designed to promote uniformity throughout the state and its local taxing jurisdictions in the assessment of property for the purposes of taxation, as provided.

Existing law, pursuant to The Mobilehome Parks Act:

- 4) Requires Housing and Community Development (HCD) to establish regulations for manufactured home, mobilehome, and commercial modular foundation systems.
- 5) Requires HCD to enforce the act, unless a city, county, or city and county has assumed responsibility for enforcement.

- 6) Authorizes a manufactured home or mobilehome to be installed on a foundation system as either a fixture or improvement to the real property if certain conditions are met.
- 7) Requires a manufactured home or mobilehome owner or licensed contractor to obtain a building permit from the appropriate enforcement agency before installing the unit on a foundation system by, among other things, submitting written evidence acceptable to the enforcement agency that the manufactured homeowner or mobile homeowner owns, holds title to, or is purchasing the real property where the mobilehome is to be installed on a foundation system.
- 8) Specifies that a lease held by the owner, that is transferable, for the exclusive use of the real property where the manufactured home or mobilehome is to be installed, is deemed to comply with that requirement if the lease is for a term of 35 years or more, or if fewer than 35 years, for a term mutually agreed upon by the lessor and lessee, and the term of the lease is not revocable at the discretion of the lessor except for cause, as specified.

Existing law related to mobilehome and manufactured housing titling:

- 9) Authorizes HCD's Registration and Titling Program, which provides registration and title documents for new or resold manufactured homes, including the Form 433A which is completed when a manufactured home is placed on a permanent foundation system, to be deemed as real property.
- 10) Instructs HCD to provide for an orderly and economic transfer of registrations and titles for manufactured homes and mobilehomes previously issued by the Department of Motor Vehicles (DMV).
- 11) Allows HCD to establish a schedule of fees to pay for the costs of work related to administration and enforcement over permitting and titling of manufactured housing, except where the fees are expressly stated herein.

Existing law, pursuant to The Manufactured Home Property Tax Law:

- 12) Establishes a process governing the taxation of manufactured homes, including mobilehomes, as defined.
- 13) Permits manufactured homes to be titled in one of two ways: real property or personal property.

- 14) By default, recognizes manufactured homes as personal property, unless they meet certain conditions.
- 15) Excludes a manufactured home that has become real property by being affixed to land on a permanent foundation system pursuant to The Mobilehome Parks Act and is taxed as all other real property is taxed.

This bill enacts the Manufactured Housing Real Property Modernization Act of 2026, with the following provisions:

Qualifications for Real Property Titling

- 1) Provides that a manufactured home or mobilehome may be deemed a fixture or improvement to the real property when installed on a permanent foundation or on a semi-permanent foundation provided the owner complies with (3) below.
- 2) Expands state law to allow proprietary occupancy agreements to qualify specified manufactured housing as real property for purposes of titling in resident-owned communities.
- 3) Provides that a home installed on a semi-permanent foundation may be classified as real property if it meets all the following requirements:
 - a) The unit is delivered and installed in or on either of the following:
 - i. A mobilehome park or manufactured housing community; or,
 - ii. Land owned by a community land trust or a cooperative housing corporation, including a limited-equity housing cooperative.
“Cooperative housing corporation” includes a resident-owned community that owns the underlying land and issues proprietary leases or occupancy agreements conveying the exclusive right to occupy a homesite.
 - b) Requires the homeowner to hold a transferable, exclusive occupancy right to the homesite under a lease or proprietary occupancy agreement with a remaining term of not fewer than 30 years, which is not revocable at the discretion of the lessor, except for cause, as specified.
 - c) The unit is installed, anchored, and skirted consistent with federal Manufactured Home Construction Safety Standards, installation standards under the federal Model Manufactured Home Installation

Standards, and any additional state or local health and safety requirements.

- d) The local enforcement agency issues a certificate of occupancy for the unit and records a notice of installation on form 433X.
- e) HCD cancels any certificate of title or registration for the unit upon receipt of a conformed copy of the recorded form 433X.

Requirements for HCD, BOE, & Assessors

- 4) Requires HCD, on or before January 1, 2028, to update form 433A and related instructions to clarify acceptable land-tenure evidence including long-term leases and proprietary occupancy agreements.
- 5) Requires HCD, on or before January 1, 2028, to develop a new form 433X to govern the classification of manufactured homes placed on a semi-permanent foundation as real property, so long as they follow established statutory provisions related to mobilehome parks.
- 6) Requires local enforcement agencies to accept applications for mobilehome and manufactured housing installation meeting the provisions of this bill and issue a certificate of occupancy.
- 7) Requires the BOE, on or before July 1, 2027, to issue a Letter to Assessors and to update specified portions of the Assessors' Handbook to reflect the changes made by this bill.
- 8) Requires County Assessors to accept either form 433A (for homes placed on permanent foundations) or 433X (for homes placed on non-permanent, compliant foundations) as conclusive evidence to declare the manufactured home as real property.

Background

The transition from mobilehomes to manufactured homes. For many years, manufactured homes were called mobilehomes, largely due to the units being placed on a mobile chassis (*i.e.*, a base with wheels) and perceived as a type of vehicle. Mobilehomes were titled as personal property and registered with the DMV rather than the California Department of Housing and Community Development (HCD). As personal property registered with the DMV, these units

were required to pay a vehicle license fee (VLF) rather than property taxes. In 1980, the Legislature passed the Manufactured Housing Act, in which it declared all single-family, factory-built housing units built on, or after, June 15, 1976, and in compliance with standards promulgated by the U.S Department of Housing and Urban Development (HUD) under the Manufactured Housing Construction and Safety Standards Act, are manufactured homes, not mobilehomes. This change acknowledged the vast majority of these units are not really “mobile” because they are not moved once they are placed on a foundation.

Personal property vs. real property. Despite the change in nomenclature and the reality that the vast majority of manufactured homes are never moved once placed, many manufactured housing units are still classified as personal property today due to complications with meeting titling requirements. The main distinction between the two property types is that personal property only accounts for the unit itself, whereas real property accounts for the unit *and* the plot of land it’s placed on.

Comments

- 1) *Author’s statement.* “Expanding access to homeownership is a vital step in supporting affordability and wealth building for low and moderate income households. Manufactured homes are a low cost and underutilized form of housing, but currently a legal technicality has made affordable financing on manufactured homes unnecessarily difficult. SB 996 would address this discrepancy by creating a process for owners of manufactured homes to title their home as real property. This would allow access to more favorable financing and make owning a manufactured home much more affordable for Californians.”
- 2) *A manufactured solution to the affordability crisis.* Amidst the state’s severe shortage of affordable housing, manufactured housing is seen as a crucial component to deliver lower-cost ownership opportunities without public subsidy. According to the Harvard Joint Center for Housing Studies, manufactured homes average \$72 per square-foot, or just over half the site-built home average of \$144.¹ While manufactured housing units cost far less than site-built single family homes, proponents of this bill assert that barriers to real property titling lead to higher monthly costs for these homeowners, counter to the promise of manufactured housing’s affordability.

¹ Christopher Herbet, et al. Comparison of the Costs of Manufactured and Site-Built Housing. Accessible here: https://www.jchs.harvard.edu/sites/default/files/research/files/harvard_jchs_pew_report_1_updated_0.pdf. July 2023.

3) *When “naturally occurring affordable housing” becomes unaffordable.* For manufactured homeowners whose homes are titled as personal property, rather than real property, they cannot access traditional mortgages in California. In practice, this means many enter into contract financing agreements – which frequently have higher interest rates, abbreviated terms, and higher denial rates. With those added costs, the promise of manufactured housing to provide affordable housing stability can be derailed. The Urban Institute compiled data that illustrate these gaps between personal and real property loans.²

	<i>Personal Property (Contract Financing)</i>	<i>Real Property (Mortgage)</i>
<i>Total Loan Volume</i>	55,703 (\$5.4 billion)	76,277 (\$15.3 billion)
<i>Landowner Share</i>	25.3%	99.6%
<i>Median Interest Rate</i>	8.0%	5.5%
<i>Denial Rates</i>	65.5%	43.0%

To put those rates in perspective, here’s a breakdown of what those averages mean for manufactured homeowners, using average terms for each loan type:

	<i>Personal Property Loan</i>	<i>Real Property Mortgage</i>
<i>Starting Principal</i>	\$150,000	
<i>Rates & Terms</i>	8% for 15 years	5.5% for 30 years
<i>Monthly Payment</i>	\$1433.48	\$851.68

For manufactured homeowners, many of whom are on fixed incomes, monthly savings of over \$580 (comparing monthly payments for personal property loans versus mortgages) could be transformative. The sponsors of the bill assert that by expanding access to these more advantageous loans, California will be able to foster greater housing affordability, particularly among populations that are most in need and at higher risk of becoming homeless.

4) *Manufactured homeownership demographics.* According to the Consumer Financial Protection Bureau, the median income for manufactured households is only half that of households in site-built homes. Additionally, older households, households with only a high school degree, and households with

² Sarah Gerecke, et al. *Manufactured Housing Personal Property Loans*. Accessible here: <https://www.urban.org/sites/default/files/2023-08/Manufactured%20Housing%20Personal%20Property%20Loans.pdf>. September 2023.

relatively low net worth are all disproportionately represented among manufactured households.³ In effect, these households are more susceptible to housing instability that can arise from more unpredictable and costly monthly payments – often characteristic of personal property loans.

- 5) *Barriers to real property titling.* The primary barriers to real property titling under California law are whether a manufactured homeowner owns the land their unit is placed on and the type of foundation to which the unit is affixed (*i.e.*, placed on). Currently, under the Mobilehome Parks Act, the owner of a manufactured home must install their unit on a permanent foundation and record a Form 433A with their County Assessor in order to title their home as “an improvement to real property.” Additionally, the owner must meet one of the following conditions: own the land their unit is placed on or enter into a transferable leasehold of at least 35 years with the owner of the land. This bill seeks to address both barriers by expanding the types of land ownership that qualify – including those held by qualifying 501(c)(3)s, land trusts, and community housing cooperations (also known as resident-owned communities (ROCs) – and aligning semi-permanent foundation requirements with those already permitted by HUD.
- 6) *California would not be the first.* Recent legislative changes in New Hampshire and Washington (HB 1191) have allowed manufactured homeowners in (ROCs to be considered qualifying landowners for the purposes of real property titling. By expanding who qualifies, these states have enabled greater access to fixed-rate, long-term mortgages.
- 7) *Opposition.* Writing in opposition, the California Mobilehome Parkowner’s Alliance (CMPA) expressed concerns about the ability of mobilehome park owners to resolve landlord-tenant disputes after a home is titled as real property.
- 8) ***Committee amendments.*** Due to timing, the author has asked to process the following amendments as committee amendments:
 - a. **Clarify which conditions constitute a “transferable, exclusive occupancy right,” – whole or partial ownership of land, or leaseholds with individual utility meter connections.**
 - b. **Clarify the two types of foundations that qualify for real property titling – permanent and semi-permanent, as defined.**

³ U.S. Consumer Financial Protection Bureau. *Manufactured-housing consumer finance in the United States*. Accessible here: https://files.consumerfinance.gov/f/201409_cfpb_report_manufactured-housing.pdf. September 2014.

- c. Clarify that classification as real property does not alter, diminish, or waive rights under the Mobilehome Residency Law when the home is located in a mobilehome park.**

9) *Double-referral.* This bill is also referred to the Committee on Revenue and Taxation.

Related/Prior Legislation

AB 587 (Chau, Chapter 396, Statutes of 2016) – Creates a tax abatement program for manufactured homeowners who cannot transfer title into their names due to delinquent taxes and fees incurred by prior owners. Provides that once a person with a conditional transfer of title pays taxes reasonably owed from the date of sale and receives a tax liability or tax clearance certificate, that person is to be listed as the owner of record for local property tax purposes.

SB 425 (Allen, 2015) – Authorizes the County Assessor to transfer a manufactured home, subject to vehicle license and registration fees, to property taxation where the assessor finds that the manufactured home has been rebuilt to the substantial equivalent of a new residential structure, as specified, and would require the base year value of the manufactured home to be its full cash value on the date of completion of new construction. *This bill died in the Assembly Housing and Community Development Committee.*

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

POSITIONS: (Communicated to the committee before noon on Wednesday, March 11, 2026.)

SUPPORT:

Neighborhood Partnership Housing Services, INC. (Co-sponsor)
 Roc USA (Co-sponsor)
 California Coalition for Community Investment
 Excite Credit Union
 Five Rivers Loan Fund, INC.
 Housing California
 Inland So Cal Housing Collective
 National Housing Law Project
 Rural Community Assistance Corporation (RCAC)
 Self-help Enterprises

OPPOSITION:

California Mobilehome Parkowners Alliance

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