
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 996 (Padilla) - Manufactured housing: classification as real property

Version: April 15, 2026

Urgency: No

Hearing Date: May 4, 2026

Policy Vote: HOUSING 10 - 0

Mandate: Yes

Consultant: Mark McKenzie

Bill Summary: SB 996 would expand the types of manufactured homes that may be titled as real property by establishing a process that allows a manufactured home, mobilehome, or commercial modular that meets specified requirements but is not affixed to a permanent foundation to be classified as real property for purposes of titling and the perfection of real property security interests.

Fiscal Impact:

- The Department of Housing and Community Development (HCD) estimates costs of \$886,000 in 2027-28 and \$811,000 annually thereafter (Mobilehome-Manufactured Home Revolving Fund) as follows:
 - One-time costs of approximately \$75,000 in the first year to update internally systems, database functionality, and data reporting mechanisms.
 - Ongoing costs of approximately \$811,000 annually for 4.0 PY of new staff to develop and adopt program regulations, update internal systems, develop specified forms, coordinate with county assessors and stakeholders statewide, develop data reporting standards, revise related contracts, and for ongoing administration of the program. HCD indicates that these additional program expenses may require fee increases to cover the costs of these changes.
- Unknown state-mandated local costs for local enforcement agencies to accept applications to classify manufactured homes on permanent and semi-permanent foundations that meet the requirements of this bill as real property, and to record applicable notices. These activities are not likely to be state-reimbursable because local enforcement agencies can charge application and inspection fees to offset any increased costs. Furthermore, any local costs are likely to be minor. Ultimately, however, any determination of state-reimbursement would be made by the Commission on State Mandates, to the extent a local enforcement agency incurs costs and files a claim for reimbursement. (General Fund)

Background: Existing law, the Mobilehome Parks Act, requires HCD to maintain a title registry of all mobilehomes and manufactured homes in the state. Owners of mobilehomes sold as new before July 1, 1980 are required to pay an annual vehicle license fee (VLF) to HCD in lieu of a local property tax, in addition to other annual fees. Existing law requires the owner of any mobilehome or manufactured home sold after July 1, 1980 to pay the local property tax as personal property, imposed at a rate of 1 percent of the assessed value. Existing law establishes a process whereby a mobilehome that is affixed to a permanent foundation may be classified as real property, rather than personal property. The main distinction between the

classifications is that personal property only accounts for the unit itself, whereas real property accounts for the unit as well as the plot of land upon which it is placed. Under the Mobilehome Parks Act, the owner of a manufactured home must install their unit on a permanent foundation and record a Form HCD 433A with their County Assessor in order to title their home as “an improvement to real property.” The owner must also prove that they own the land upon which the manufactured home is placed or that they hold a transferable lease for the exclusive use of the real property where the home is installed that has a term of at least 35 years and the term of the lease is not revocable at the discretion of the lessor except for cause, as specified.

Fannie Mae and Freddie Mac are federal entities that support 70% of the mortgage market, backing more than \$7 trillion in mortgages. In order for a manufactured home to qualify for a conventional loan through either program, the home must meet specified standards, including being permanently attached to a foundation system that meets federal Housing and Urban Development (HUD) standards and being classified as real property. The Manufactured Home Construction and Safety Standards (24 CFR Part 3280) sets forth the standards for all equipment and installations in the design, construction, transportation, fire safety, plumbing, heat-producing and electrical systems of manufactured homes which are designed to be used as dwelling units. The Model Manufactured Home Installation Standards (24 CFR Part 3285) sets forth minimum requirements for the initial installation of new manufactured homes.

Proposed Law: SB 996, the Manufactured Housing Real Property Modernization Act of 2026, would expand the types of manufactured homes that may be titled as real property. Specifically, this bill would:

- Specify that the authorization to install a manufactured home, mobilehome, or commercial modular as either a fixture or improvement to the real property applies to those with permanent foundation systems.
- Authorizes a manufactured home, mobilehome, or commercial modular to be classified as real property for purposes of titling and the perfection of real property security interests under the following specified conditions:
 - The unit is delivered and installed in or on either a mobilehome park or manufactured housing community owned by a municipal government or 501 (c) (3) organization, or on land owned by a community land trust or a cooperative housing corporation, as specified.
 - The homeowner holds an exclusive, transferable occupancy right to the homesite, the homeowner has full financed ownership of the land under the homesite, or the homeowner owns an exclusive and renewable leasehold for the homesite without ownership of the underlying land that is not terminable except for cause, as specified.
 - 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.
 - A local enforcement agency issues a certificate of occupancy for the unit and records the installation on form HCD 433X with the county recorder.
 - HCD cancels any certificate of title or registration for the unit upon receipt of a conformed copy of the recorded form HCD 433X, conditioned on the homeowner providing written evidence to HCD that the home is free of any

- personal property liens or encumbrances or that any lienholders consent to the classification of the home as real property upon discharge of the lien.
- A plot plan must be recorded with the county, or a description of the property must be submitted with any department-filed plot plan, as specified.
- Specify that a deed of trust or mortgage encumbering a manufactured home, mobilehome, or commercial modular classified as real property constitutes a lien on the unit and leasehold or other occupancy interest.
- Require HCD to adopt or update regulations, forms, and guidance to implement these provisions by January 1, 2028.
- Require HCD to update form HCD 433A and related instructions, and create a new HCD 433X form titled “Notice of Manufactured Home Installation—Real Property Classification Without Permanent Foundation” for classification of homes affixed to semi-permanent foundations, as specified, by January 1, 2028.
- Require local enforcement agencies to accept applications for mobilehome and manufactured housing installations on both permanent and semi-permanent foundations that meet the requirements of this bill and record the applicable notice upon issuance of a certificate of occupancy, as specified.
- Require HCD to cancel registration of the manufactured home, mobilehome, or commercial modular and notify the county assessor upon recordation of a form HCD 433A or HCD 433X.
- Require HCD to produce and publish on its website a one page “Before you Retitle” notice explaining the following:
 - The voluntary nature of retitling.
 - No supplemental assessment on retitling to real property.
 - Exclusion of site value on rented land.
 - The nonreversion rule.
 - A comparison of state programs accessible or inaccessible under real property titling versus personal property titling.
 - An explanation of any tax impact.

Related Legislation: AB 587 (Chau), Chap. 396/2016, created a three-year tax and penalty abatement program for owners of mobilehomes who are unable to properly transfer a title and register their ownership interest with HCD because of past due taxes and fees, as specified.

Staff Comments: This bill would expand the pathways for classification of a manufactured home, mobilehome, or commercial modular as real property, which is intended to allow access to more favorable traditional mortgage financing and make owning a manufactured home more affordable for Californians. If a manufactured home is titled as personal property, mortgage financing is typically unavailable, forcing many manufactured homeowners to enter into contract financing agreements – which frequently have higher interest rates, abbreviated terms, and higher denial rates. This bill would allow the owners of manufactured homes, mobilehomes, and commercial modulars that are attached to semi-permanent foundations that meet specified HUD standards to be classified as real property under specified conditions.

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