

THIRD READING

Bill No: SB 996
Author: Padilla (D), et al.
Amended: 5/14/26
Vote: 21

SENATE HOUSING COMMITTEE: 10-0, 3/17/26
AYES: Arreguín, Seyarto, Ashby, Cabaldon, Caballero, Durazo, Gonzalez,
Grayson, Ochoa Bogh, Padilla

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SUBJECT: Manufactured housing: classification as real property

SOURCE: Neighborhood Partnership Housing Services
ROC USA

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 Mobilehome Parks Act:

- 1) Requires Housing and Community Development (HCD) to establish regulations for manufactured home, mobilehome, and commercial modular foundation systems.
- 2) Requires HCD to enforce the act, unless a city, county, or city and county has assumed responsibility for enforcement.
- 3) 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.

- 4) 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.
- 5) 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:

- 6) 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.
- 7) 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).
- 8) 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:

- 9) Establishes a process governing the taxation of manufactured homes, including mobilehomes, as defined.
- 10) Permits manufactured homes to be titled in one of two ways: real property or personal property.
- 11) By default, recognizes manufactured homes as personal property, unless they meet certain conditions.

- 12) 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 either when it is installed on a permanent foundation or provided the owner complies with (3) below.
- 2) Expands state law to allow proprietary occupancy agreements and long-term land leases to qualify specified manufactured housing as real property for purposes of titling in resident-owned communities.
- 3) Provides that a home not placed on a 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) The homeowner possesses one of the following: a transferable, exclusive occupancy right to the homesite that is only transferable with the sale of the manufactured home, mobilehome, or commercial modular; full ownership of the land under their unit; or, an exclusive and renewable long-term lease not terminable except for just cause.
 - 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, LEAs, & 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 not placed on a permanent foundation as real property, so long as they follow established statutory provisions related to mobilehome parks.
- 6) Requires HCD to publish on its website a one page “Before You Retitle” notice explaining all of the following information: 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; and, an explanation of tax impact, if any.
- 7) 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.
- 8) Requires County Assessors to accept either form 433A (for homes placed on permanent foundations) or 433X (for homes not placed on permanent foundations that meet certain conditions) as conclusive evidence to declare the manufactured home as real property.

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.

- 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)

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.

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.

<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 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

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.

“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) *Senate Appropriations Committee Amendment.* On suspense, this bill was amended to add Senator Wahab as a co-author.

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

According to the Senate Appropriations Committee:

- 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)

SUPPORT: (Verified 5/14/26)

Neighborhood Partnership Housing Services, INC. (Co-Source)

Roc USA (Co-Source)

California Coalition for Community Investment

California Yimby

Casita Coalition

Excite Credit Union

Five Rivers Loan Fund, INC.

Habitat for Humanity California

Housing California

Inland So Cal Housing Collective

National Housing Law Project

New Way Homes

Rural Community Assistance Corporation

Self-help Enterprises

Unidosus

OPPOSITION: (Verified 5/14/26)

California Mobilehome Parkowners Alliance

ARGUMENTS IN SUPPORT: According to the bill’s sponsors, “SB 996 is a long-overdue correction that recognizes what homeowners, advocates, and state agencies already know: manufactured homes are homes. This legislation will unlock lower-cost homeownership financing, expand critical consumer protections, and ensure that all Californians, regardless of housing type, have equitable access to the financial tools needed for safe and stable housing.”

ARGUMENTS IN OPPOSITION: The California Mobilehome Parkowners Alliance raised concerns of creating competing property interests in mobilehome parks where a mobilehome owner owns their unit but leases the lot it is on.

Prepared by: Ryan Hardmeyer / HOUSING / (916) 651-4124
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