

Date of Hearing: July 1, 2026

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Matt Haney, Chair

SB 996 (Padilla) – As Amended June 16, 2026

SENATE VOTE: 37-0

SUBJECT: Manufactured housing: classification as real property

SUMMARY: Creates a new pathway for certain manufactured homes, mobilehomes, and commercial modular units to be classified as real property, under specified conditions, for the purposes of titling and the perfection of real property security interests. Requires the Department of Housing and Community Development (HCD) to develop a new form related to this new pathway of real property classification and requires local enforcement agencies to accept applications for reclassification as real property. Specifically, **this bill:**

Provisions related to Qualifications for Real Property Classification

- 1) Specifies that a manufactured home, mobilehome, or commercial modular may be classified as real property for purposes of titling and the perfection of real property security interests, even if the unit is not installed on a permanent foundation system, if all of the following conditions are satisfied:
 - a) The unit is delivered and installed in or on any of the following:
 - i. A mobilehome park or manufactured housing community whose primary owner is a 501(c)(3) organization or a municipal government;
 - ii. Land owned by a community land trust (CLT), owned by a resident-owned community, or owned by a cooperative housing corporation (cooperative), including a limited-equity cooperative; and
 - iii. Land that has full ownership or financed ownership that is the same as the ownership of the manufactured home, mobilehome, or commercial modular.
 - b) Any of the following apply to the homeowner:
 - i. The homeowner holds an exclusive, transferable occupancy right to the homesite that is either: a) a lease or proprietary occupancy agreement with a remaining term of not less than 15 years and the term of the lease is not revocable at the discretion of the lessor, except for cause as specified, that is only transferable with the sale of the manufactured home, mobilehome, or commercial modular; or, b) an occupancy agreement with a perpetual right to occupy the homesite.
 - ii. The homeowner has full, independently financed, or jointly financed with the home, ownership of the land underneath the homesite.

- iii. The homeowner holds an exclusive and renewable lease to the homesite in which the homeowner possesses no ownership of the land underneath the homesite, and which is not terminable except for cause, as specified.
 - c) The unit is installed, anchored, and skirted consistent with applicable construction and safety standards under specified federal regulations and any additional state or local health and safety requirements, as verified by the applicable enforcement agency through permit and inspection.
 - d) The local enforcement agency issues a certificate of occupancy for the unit and records with the county record a notice of installation on the form HCD 433X.
 - e) HCD cancels any certificate of title or registration for the unit upon receipt of a certified copy of the recorded form HCD 433X and notifies the county assessor of the cancellation.
 - i. Requires the homeowner to provide written evidence acceptable to HCD that the registered owner owns the manufactured home or mobilehome free of any personal property liens or encumbrances prior to the cancellation of any certificate of title or registration for the unit; or,
 - ii. In the event that the legal owner is not the registered owner or personal property liens and encumbrances exist on the manufactured home or mobilehome, written evidence provided by the legal owner and any lienors or encumbrancers that the legal owner, lienor, or encumbrancer consents to the classification of the manufactured home or mobilehome as real property upon discharge of any personal lien, that may be conditioned upon the satisfaction by the registered owner of the obligation secured by the lien prior to the cancellation of any certificate of title or registration for the unit.
 - f) Requires, for units placed on homesites that are in a mobilehome park, manufactured housing community, or commercial modular housing community whose primary owner is a 501(c)(3) organization or a municipal government, the homeowner to demonstrate that their homesite has an individually metered utility connection to either water or electric infrastructure.
 - g) For units qualifying under a)i) or a)ii) above, prior to or concurrent with the recording of any form HCD 433X, the landowner, owner or operator of the park, community, CLT, or cooperative, as applicable, shall have provided, to each homeowner requesting reclassification as real property for the purposes of titling, a copy of the plot map, as specified.
 - h) For units qualifying under b)i) above, the lease or proprietary occupancy agreement shall be recorded with the county recorder prior or concurrent with the recording of the form HCD 433X.
- 2) Provides that the deed of trust or mortgage encumbering a manufactured home, mobilehome, or commercial modular classified as real property pursuant to 1) above shall constitute a lien upon the unit and the leasehold or other occupancy interest described in b)i) or b)iii) above.

- a) Specifies that a manufactured home, mobilehome, or commercial modular classified as real property pursuant to 1) above is a separate estate in real property and may be encumbered by a mortgage or deed of trust recorded in the official records of the county.
 - b) Provides that a manufactured home classified pursuant to 1) above may be treated as a fixture solely for the limited purpose of perfecting and enforcing a mortgage or deed of trust against the home itself and shall not be deemed to accede to the underlying real property or to authorize removal upon foreclosure, except as expressly provided by statute or recorded agreement.
 - c) Provides that a mortgage, deed of trust, or other lien recorded against the manufactured home, mobilehome, or commercial modular shall only encumber the manufactured home, mobilehome, or commercial modular, including any transferable occupancy right appurtenant to the home, and shall not attach to, or encumber, the mobilehome park owner's fee or leasehold estate absent the mobilehome park owner's separate and express consent.
- 3) Specifies that classification as real property pursuant to 1) above does not alter, waive, or diminish any rights and obligations under the Mobilehome Residency Law (MRL) when the manufactured home, mobilehome, or commercial modular is located in a mobilehome park.
 - 4) Requires HCD, on or before January 1, 2028, to adopt or update regulations, forms, and guidance to implement this pathway to classification as real property, including the creation of the form HCD 433X and instructions for those submitting the form and applicable enforcement agencies.

Provisions related to Notice of Homesite Designation

- 5) Requires the owner, park owner, CLT, or cooperative, concurrent with the recording of form HCD 433X for any homesite subject to 1) above, to cause to be recorded with the county recorder a Notice of Homesite Designation, which shall do all of the following:
 - a) Identify the property by assessor's parcel number;
 - b) Identify the specific homesite to which the notice applies;
 - c) State that the homesite is configured pursuant to a plot plan or site map approved or filed with HCD under Title 25 of the California Code of Regulations; and
 - d) Incorporate by reference the applicable plot plan or site map.
- 6) Requires a copy of the applicable plot plan or site map to be attached to the Notice of Homesite Designation as an informational exhibit, but specifies the notice shall not be required to be recorded as a stand-alone instrument.
- 7) Allows a site map or diagram containing equivalent information to 5)a) through 5)d) above to be used in lieu of a plot plan for nonpark communities.
- 8) Requires the owner, park owner, community, CLT, or cooperative to cause to be recorded with the county assessor form HCD 433B for any homesite subject to 1) above.

- 9) Requires the recording party, upon submission of form HCD 433X for recordation by the county recorder, to include, as part of the recordable instrument, a location certification identifying the specific area, space, or lot within the subject property to which that form applies, as specified.

Provisions related to the development of form HCD 433X and other responsibilities of HCD

- 10) Requires HCD, on or before January 1, 2028, to create the form HCD 433X, which shall be titled “Notice of Manufactured Home Installation – Real Property Classification Without Permanent Foundation,” for classification pursuant to 1) above.

- a) Specifies that form HCD 433X shall include all of the following:

- i. Name HCD as the “when recorded mail to” party;
- ii. Specify that the classification of real property under 1) above is for titling purposes only;
- iii. Require the terms under which the manufactured home was classified as real property, including evidence regarding an ownership structure in accordance with 1)a) above; and
- iv. Require evidence of the lease terms between the homeowner and landowner, in accordance with 1)a)i) or 1)a)ii) above.

- 11) Requires HCD, on or before January 1, 2028, to update the form HCD 433A and related instructions to clarify acceptable land tenure evidence, including long-term leases and proprietary occupancy agreements.

- 12) Requires local enforcement agencies to accept applications for mobilehome and manufactured housing installations on both permanent and semi-permanent foundations that meet the requirements of 1) above and record the applicable notice upon issuance of a certificate of occupancy.

- 13) Requires 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.

Provisions related to public posting

- 14) Requires HCD to produce and publish on its internet website a one-page “Before You Retitle” notice explaining all of the following information:

- a) The voluntary nature of retitling;
- b) The nonreversion of real property to personal property;
- c) A comparison of state programs accessible or inaccessible under real property titling versus personal property titling; and
- d) That there is no guarantee a retitled home will not be reassessed by the assessor.

Provisions related to the existing process for reclassification as real property:

- 15) Modifies the eligibility requirements for obtaining a permit to affix a unit to real property by removing provisions deeming certain long-term leases and resident ownership interests in converted mobilehome parks sufficient evidence of an ownership interest in the underlying real property.
- 16) Authorizes a manufactured home, mobilehome, or commercial modular installed on a nonpermanent foundation system to be installed as either chattel property or real property, subject to approval by HCD, rather than solely chattel.

EXISTING LAW:

- 1) Establishes the Manufactured Housing Act of 1980 (Health and Safety Code (HSC) 18000 *et seq.*)
- 2) Establishes the titling and registration requirements for all manufactured homes, mobilehomes, commercial coaches, truck campers, and floating homes. Authorizes HCD to adopt regulations to implement and interpret those titling and registration requirements (HSC 18075 *et seq.*)
- 3) Establishes the Mobilehome Parks Act (MPA) to prescribe standards and requirements for construction, maintenance, occupancy, use, and design of mobilehomes and mobilehome parks to guarantee park residents maximum protection of their investment and a decent living environment. Provides HCD with authority over enforcement of the MPA unless a local enforcement agency has elected to take responsibility. (HSC 18200 *et seq.*)
- 4) 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. (HSC 18551)
- 5) 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 mobilehome owner owns, holds title to, or is purchasing the real property where the mobilehome is to be installed on a foundation system. (HSC 18551(a)(A) – (F))

FISCAL EFFECT: According to the Senate Appropriations Committee, as amended May 14, 2026, “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)”

COMMENTS:

Author’s Statement: According to the author, “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.”

Mobilehomes in California: Mobilehomes are pre-fabricated homes that are designed to be able to be transported and moved between locations. In practice, however, significant costs associated with relocation make it much more difficult to move a mobilehome. Because of their method of construction, mobilehomes are one of the most affordable types of housing, both as a pathway to homeownership and for tenants renting park-owned mobilehomes. In the latter arrangement, the relationship between a park resident and park management is similar to that of a traditional landlord-tenant relationship in other housing types. The resident leases the park-owned mobilehome and the park management maintains the mobilehome and other facilities in the park. However, in the former example, the relationship is unique in that a resident may own their mobilehome yet still pay rent to park management to lease the space upon which the unit rests. More than one million people live in California's approximately 4,500 mobilehome parks.

Registration and Titling: HCD maintains a statewide system to register and title mobilehomes and manufactured homes. This system applies to homes that are not converted to real property and serves as the official record of ownership and lien interests. HCD keeps a permanent title record for each home, which identifies the registered owner, any legal owner such as a lender, and key information about the unit.

When a mobilehome or manufactured home is first sold, brought into the state, or otherwise transferred, the new owner or dealer must apply to HCD for registration and title. Existing law requires submission of appropriate documents, fees, and, when a dealer is involved, a report of sale. The report of sale allows the transaction to be recorded while the full registration and titling process is completed. HCD reviews the application materials and, once complete, establishes or updates the permanent title record for the home.

After processing the application, HCD issues two primary documents. First, it issues a certificate of title, which reflects legal ownership and any secured interests recorded against the home. HCD also issues a registration card showing the registered owner and basic identifying

information. Registration must be renewed annually with payment of fees, while the certificate of title remains in effect until there is a change in ownership or a lien is added or released.

Existing law also requires that ownership changes, lien recordings, and other title-related transactions be promptly reported to HCD using signed title documents and supporting paperwork. HCD then updates the permanent title record and issues revised documents as needed.

Existing Process for Reclassification: Under the MPA, a manufactured home, mobilehome, or commercial modular may be converted from personal property into a fixture and improvement to real property. To do so, an owner must install a unit on an approved foundation system, obtain a building permit, demonstrate ownership, purchase, or a qualifying leasehold interest in the underlying property, submit the required foundation plans and installation specifications, and obtain a certificate of occupancy. Following issuance of a certificate of occupancy, the local enforcement agency records a notice that the unit has been affixed to the real property, HCD cancels the unit's title and registration, and the unit is deemed a fixture and improvement to the real property. The affixed unit is then treated as real property for purposes of taxation, financing, and transfer.

Personal Property vs. Real Property: Under existing law, a manufactured home becomes real property only when it is installed on a permanent foundation on land owned by the homeowner. Many manufactured homeowners, however, own their own homes but lease the homesite in a resident-owned community, CLT, nonprofit development, or other long-term lease arrangement. In those situations, the home is often treated as personal property, which can limit financing options and result in higher-cost loans.

Classifying a manufactured home, mobilehome, or commercial modular as a real property affects how the property is taxed, how the ownership transfers are recorded, and whether the structure is financed through a conventional mortgage or personal property loan. Homes titled as personal property are ineligible for mortgages, which can limit access to homeownership opportunities for one of the most affordable types of housing. Prospective purchasers are often left with personal loan financing as their only eligible option. These "home-only" loan options can be more costly to the borrower and generally have fewer consumer protections than traditional mortgages. According to an analysis conducted by The Pew Charitable Trusts, the median interest rate on a home-only loan was 8.5% between 2018 and 2024, compared to a median of 5.4% for manufactured home mortgages.¹ In addition, home-only loans are generally ineligible for government-backed loan programs.² Shorter repayment periods, typically 23-year terms as compared to 30-year mortgage repayment periods, can also increase borrowers' monthly expenses. With higher interest rates and shorter loan terms, Pew estimated a mortgage borrower with a \$100,000 loan would pay \$562 per month, compared with \$826 per month for a home-only loan borrower.

¹ "States Hold the Keys to Greater Mortgage Access for Manufactured Home Buyers," Rachel Siegel, The Pew Charitable Trusts, February 17, 2026, <https://www.pew.org/en/research-and-analysis/issue-briefs/2026/02/states-hold-the-keys-to-greater-mortgage-access-for-manufactured-home-buyers>.

² "Data Shows Lack of Manufactured Home Financing Shuts Out Many Prospective Buyers," Linlin Liang, Rachel Siegel, and Adam Staveski, The Pew Charitable Trusts, December 7, 2022, <https://www.pewtrusts.org/en/research-and-analysis/articles/2022/12/07/data-shows-lack-of-manufactured-home-financing-shuts-out-many-prospective-buyers>.

This Bill: This bill authorizes certain manufactured homes, mobilehomes, and commercial modulars to be classified as real property for titling and financing purposes, even when the homeowner does not own the underlying land. This bill allows classification as real property when the homeowner has a qualifying long-term exclusive, transferable right to occupy the homesite, such as through certain long-term leases, resident-owned communities, CLTs, or similar arrangements. This bill would also establish rules for deeds of trust and mortgages so that lenders can secure a lien against both the home and the homeowner's leasehold or occupancy interest and would require local enforcement agencies to accept applications for mobilehome and manufactured housing installations on both permanent and semi-permanent foundations that meet specified conditions.

One consideration raised by this bill is whether ownership of the land and traditional permanent-foundation requirements should continue to be the primary determinants of real property classification and accompanying benefits and liabilities. Importantly, this bill does not eliminate installation requirements. Instead, it would allow certain homes installed on qualifying foundations and located on qualifying leasehold interests or resident-controlled land arrangements to be treated as real property even though the homeowner does not hold title to the land.

Arguments in Support: According to a coalition of housing advocates, equity organizations, consumer groups, and mobilehome resident organizations, "SB 996 updates California law to allow a manufactured home or mobile home to be titled as real property for purposes of mortgage lending and consumer protections, even if it is not affixed to a permanent foundation, so long as it falls into one of the following categories:

1. Homes on self-owned land

Common in rural communities where residents often face limited access to contractors, materials, or financing needed for \$40,000+ permanent foundation project. Titling these homes as real property will offer access to better financing without forcing costly construction.

2. Homes in Resident-Owned Communities (ROCs)

Residents in ROCs hold an exclusive and transferable right to occupy the land beneath their homes. SB 996 will help more residents transition into and sustain home ownership in ROCs by unlocking mortgage access and real-property protections.

3. Homes in non-ROC parks with nonprofit or municipal ownership and individual meters

This ensures that homeowners in the most stable forms of park ownership can access real-property loans while we work to clarify additional financial factors that may impact other classes of park owners.

Why This Matters:

Moving a manufactured home is extremely costly, often around \$10,000 per section, requiring a California Highway Patrol escort. In practice, these homes function as permanent housing and serve as one of the last naturally occurring sources of affordable home ownership in the state. Recognizing them legally as a real property will:

- Expand access to mortgage financing with lower interest rates and fairer terms.
- Provide stronger consumer protections, including foreclosure safeguards not available under chattel lending.
- Unlock disaster relief programs that currently exclude homes titled as personal property.
- Protect and preserve homeownership opportunities for low-income and fixed-income Californians.
- Align California with national leaders like New Hampshire and Washington in modernizing manufactured housing finance laws.

Importantly, SB 966 preserves the rights and interests of manufactured housing community owners while giving residents a fairer and more stable path to financial security.”

Arguments in Opposition: According to the California Assessors’ Association, “Under current law a manufactured home may only be classified as real property if it is on a permanent foundation, the owner holds the land or a qualifying long-term lease, and the unit becomes part of the real estate. The proposal in 18551.05 removes all of these requirements, while Revenue & Taxation Code 5830 still mandates that manufactured homes classified as real property must be assessed on the secured roll. This results in a new classification – non-affixed property treated as secured real property – which does not align with the criteria used for any existing secured property category. Some have noted that California tax law already accommodates complex ownership structures, such as possessory interests or leasehold improvements. However, these operate differently:

- Possessory interests are placed on the unsecured roll because they represent a right to use land rather than real property connected to land.
- Leasehold improvements are secured real property only when they are physically affixed and function as part of the real estate.

No existing structure parallels the treatment proposed in SB 996, which combines real-property status with the absence of affixation, land ownership, or integration into title. This mismatch would create significant challenges for valuation, enrollment, system configuration, and long-term administrative consistency.”

REGISTERED SUPPORT / OPPOSITION:

Support

Neighborhood Partnership Housing Services INC (Co-Sponsor)
ROC USA (Co-Sponsor)
California Coalition for Community Investment
California Coalition for Rural Housing
California Community Land Trust Network
California Rural Legal Assistance Foundation
California YIMBY
Cameo Network

Casita Coalition
Community Vision Capital and Consulting
Enterprise Community Partners, INC.
Excite Credit Union
Five Rivers Loan Fund, INC.
Habitat for Humanity California
Housing California
Housing Trust Silicon Valley
Inland Equity Community Land Trusts
Inland SoCal Housing Collective
Lift to Rise
Mobile Home Resident Coalition
National Consumer Law Center
National Housing Law Project
Neighborhood Housing Services of Los Angeles County
Palisades Bowl Community Group
Parkview Legacy Foundation
Puente De LA Costa Sur
Rural Community Assistance Corporation
Self-help Enterprises
UnidosUS

Opposition

California Assessors' Association (unless amended)

Analysis Prepared by: Juan Reyes / H. & C.D. / (916) 319-2085