Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 996 (Padilla) – As Amended June 16, 2026

Policy Committee: Housing and Community Development Vote: 12 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: Yes

SUMMARY:

This bill expands the types of manufactured homes or mobile homes that may be titled as real property for purposes of mortgage lending and consumer protections, even if the home is not affixed to a permanent foundation.

Specifically, among major provisions, this bill:

1) Specifies that a manufactured home, mobilehome, or commercial modular (manufactured home) 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 the following conditions are satisfied:

   a) The unit is delivered and installed in 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 (CLT) or a cooperative housing corporation.

   b) The homeowner holds an exclusive, transferable occupancy right to the homesite, has full financed ownership of the land under the homesite, or owns an exclusive and renewable leasehold for the homesite without ownership of the underlying land, as specified.

   c) The unit is installed, anchored, and skirted consistent with federal Manufactured Home Construction Safety Standards, the federal Model Manufactured Home Installation Standards, and any additional state or local health and safety requirements.

   d) A local enforcement agency issues a certificate of occupancy for the unit and records the installation on form HCD 433X with the county recorder, and HCD cancels any certificate of title or registration for the unit and notifies the county assessor.

   e) For units placed on homesites in a mobilehome park or a manufactured housing community, the homeowner has an individually metered utility connection.

   f) Prior to, or concurrent with, the recording of form HCD 433X, the owner, park owner, community, trust, or cooperative records with the county recorder a plot plan or the lease or proprietary occupancy agreement, as applicable, as specified.

2) Specifies a deed of trust or mortgage encumbering a manufactured home classified as real property constitutes a lien on the unit and leasehold or other occupancy interest, as described.

3) Requires HCD, by January 1,2028, to adopt or update regulations, forms, and guidance to implement the above provisions and to update form HCD 433A and related instructions and create a new HCD 433X form for classification of homes affixed to semi-permanent foundations.

4) Requires the owner, park owner, community, CLT, or cooperative to record specified forms with the county assessor and to record a Notice of Homesite Designation with the county recorder.

5) Requires HCD to produce and publish on its website a one-page “Before you Retitle” notice containing specified explanations regarding retitling.

FISCAL EFFECT:

1) HCD estimates costs of $886,000 in fiscal year 2027-28 and $811,000 annually thereafter (Mobilehome-Manufactured Home Revolving Fund) as follows:

   a) Ongoing costs of approximately $811,000 annually for four positions to, among other tasks, develop and adopt program regulations, coordinate with county assessors and stakeholders, and for ongoing administration of the program. HCD indicates the additional program expenses may require fee increases to cover the costs of the changes.

   b) One-time costs of approximately $75,000 in the first year to update internal systems, database functionality, and data reporting mechanisms.

2) One-time and ongoing significant GF administrative and legal costs of an unknown amount, potentially in the hundreds of thousands of dollars statewide, to county assessors due to the bill’s misalignment with the Revenue and Taxation Code and the state’s property tax framework. These costs are likely reimbursable by the state, subject to a determination by the Commission on State Mandates.

3) Ongoing local costs of an unknown amount 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. Additional administrative costs to county recorders and county assessors for increased workload associated with additional recordings and processing new and updated forms. Although state mandated costs, these activities are not likely state-reimbursable because local agencies can charge application and inspection fees to offset any increased costs.

COMMENTS:

1) **Purpose.** According to the author:

> 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. [This bill] 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.

This bill is supported by a coalition of housing advocates, equity organizations, consumer groups, and mobilehome resident organizations.

2) **Background.** ***The Mobilehome Parks Act***. Existing law, the Mobilehome Parks Act, requires HCD to maintain a title registry of all manufactured homes in the state. An owner of manufactured home sold as new before July 1, 1980, is required to pay an annual vehicle license fee (VLF) to HCD in lieu of a local property tax, in addition to other annual fees. An owner of any manufactured home sold after July 1, 1980, must instead pay the local property tax as personal property, imposed at a rate of 1% of the assessed value.

   Existing law establishes a process whereby a manufactured home that is affixed to a permanent foundation may be classified as "real property," which includes both the housing unit and the land upon which the unit is placed, rather than as "personal property," which includes only the housing unit.

   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 they own the land upon which the manufactured home is placed or that they hold a transferable lease with a term of at least 35 years for the exclusive use of the real property. Once the homeowner obtains a certificate of occupancy, HCD cancels the unit's title and registration, and the unit is deemed a fixture and improvement to real property. The affixed unit is then treated as real property for purposes of taxation, financing, and transfer.

   Favorable Financing. For a manufactured home to qualify for a conventional loan through either the Fannie Mae or Freddie Mac program (federal entities that support 70% of the mortgage market) the home must be permanently attached to a foundation system that meets federal Housing and Urban Development (HUD) standards and be classified as real property. Many manufactured homeowners, however, own their home but lease the underlying land. In those situations, the home is often treated as personal property, and prospective purchasers are left with personal loan financing as their only eligible option. These "home-only" loans can be more costly to the borrower and generally have fewer consumer protections than traditional mortgages.

   This bill authorizes certain manufactured homes to be classified as real property for titling and financing purposes, even when the home is not affixed to a permanent foundation and the homeowner does not own the underlying land. According to supporters, these changes 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."

   Misalignment With Property Tax Law. This bill provides a pathway to reclassify manufactured homes as real property with an eye toward creating more favorable financing options for these homeowners. However, in doing so, this bill also creates a new statutory definition of "real property" under the Health and Safety Code that is inconsistent with California's property tax framework in the Revenue and Taxation Code. The California Assessors' Association indicates this situation "presents significant administrative and legal challenges that hinder consistent and uniform property tax administration across all counties." The Association has an oppose-unless-amended position and suggests several amendments to help address these issues but indicate some issues are not easily solvable.

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