SENATE THIRD READING
SB 996 (Padilla)
As Amended August 20, 2026
Majority vote

SUMMARY

Makes changes to the definition of "manufactured home" to conform to the definition in federal law. Requires the Department of Housing and Community Development (HCD) to revise and adopt regulations to permit the construction, installation, sale, and occupancy of a manufactured home built without a permanent chassis in parity with regulations applicable to a manufactured home built with a permanent chassis. Requires HCD to submit a report to the Legislature evaluating the statutory and administrative changes necessary to regulate, finance, title, tax, and protect homeowners in divided-tenure and leasehold homeownership arrangements.

Major Provisions

1) Revises the definition of "manufactured home" to have the same meaning as defined in federal law.

2) Specifies "manufactured home" does not include a commercial modular, factory-built housing, a mobilehome, a multifamily manufactured home, or a recreational vehicle, as those terms are defined.

3) Requires HCD, on or before July 1, 2027, to review, revise, and adopt regulations to permit the construction, installation, sale, and occupancy of a manufactured home built without a permanent chassis in parity with those applicable to a manufactured home built with a permanent chassis.

4) Exempts the adoption of regulations pursuant to 3) above from the rulemaking provisions of the Administrative Procedure Act.

5) Requires HCD, on or before July 1, 2027, to report to the Legislature on the status of the regulations required by 3) above.

6) Requires HCD, on or before *July 1, 2029*, to submit a report to the Legislature evaluating the statutory and administrative changes necessary to regulate, finance, title, tax, and protect homeowners in divided-tenure and leasehold homeownership arrangements, including circumstances in which the occupant owns a manufactured home, mobilehome, or commercial modular separately from the land beneath it.

7) Requires HCD, in preparing the report in 6) above, to *contract with appropriate outside parties who shall consult* with all of the following:

   a) California Assessors' Association and county assessors;

   b) County recorders;

   c) California Department of Tax and Fee Administration;

   d) State Board of Equalization;

e) Local enforcement agencies with responsibility for enforcement of the Mobilehome Parks Act, local planning agencies, and other specified local agencies; and

f) Representatives of manufactured housing community owners, residents of manufactured housing communities, resident-owned communities, community land trusts, land-lease homeownership providers, mortgage lenders and secondary mortgage participants, consumer advocacy organizations, real estate title and escrow professionals, and organizations representing mobilehome and manufactured home residents.

COMMENTS

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.

21st Century ROAD to Housing Act: A broad federal housing package, known as the 21st Century ROAD to Housing Act (the Act), recently became law on July 11, 2026. The federal housing package intended to increase housing supply and address barriers to housing development. Among its manufactured housing provisions, the Act amends the federal definition of a "manufactured home" by replacing the requirement that a home be constructed on a permanent chassis with provisions allowing a manufactured home to be constructed with or without a permanent chassis. Within one year of enactment, states must certify to the U.S Department of Housing and Urban Development that their laws and regulations treat manufactured homes without a permanent chassis in parity with manufactured homes built on a permanent chassis, including with respect to financing, title, insurance, manufacture, sales, taxes, transportation, and installation. States must take any steps necessary to support the accuracy of that certification, including amending state definitions of "manufactured home" in statute or regulation and directing state agencies to make corresponding regulatory changes.

Existing Process for Reclassification: Under the Mobilehome Parks Act, 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, community land trust, 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.

According to the Author
"Expanding access to homeownership is a critical step toward supporting affordability and building wealth for low- and moderate-income households. SB 996 would establish a study group to explore how to provide more equitable and fair financing options for manufactured homeowners who lease the land beneath their homes. The bill would also make California the first state in the nation to align its definitions with the requirements of the federal 21st Century ROAD to Housing Act. Together, these steps would help move the needle to ensure that manufactured housing remains a viable and accessible path to homeownership for California families."

Arguments in Support
None on file to the current version of the bill.

Arguments in Opposition
None on file to the current version of the bill.

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[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.

FISCAL COMMENTS

According to the Assembly Committee on Appropriations:

1) One-time General Fund (GF) costs of an unknown amount, likely in the hundreds of thousands of dollars, to HCD for additional limited-term staff to consult with specified entities and prepare and submit a report to the Legislature by *July 1, 2029.*

2) One-time GF costs to HCD to adopt regulations and report to the Legislature are likely absorbable.

3) Costs to the California Department of Tax and Fee Administration and the State Board of Equalization of an unknown amount to consult on the report.

4) Costs to county assessors and recorders of an unknown, but potentially significant amount to consult with HCD on the report. These costs are potentially reimbursable by the state, subject to a determination by the Commission on State Mandates.

VOTES

SENATE FLOOR: 37-0-3
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Durazo, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Dahle, Gonzalez, Niello

ASM HOUSING AND COMMUNITY DEVELOPMENT: 12-0-0
YES: Haney, Patterson, Ávila Farías, Caloza, Schultz, Kalra, Lee, Quirk-Silva, Ta, Tangipa, Wicks, Wilson

ASM APPROPRIATIONS: 11-0-4
YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache
ABS, ABST OR NV: Hoover, Dixon, Ta, Tangipa

UPDATED

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