UNFINISHED BUSINESS

Bill No: SB 996
Author: Padilla (D), et al.
Amended: 8/20/26
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

SENATE FLOOR: 37-0, 5/26/26
AYES: 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
NO VOTE RECORDED: Dahle, Gonzalez, Niello

ASSEMBLY FLOOR: Passed, 8/25/26

SUBJECT: Manufactured housing: classification as real property

SOURCE: Neighborhood Partnership Housing Services
ROC USA

DIGEST: This bill 1) updates the definition of “manufactured home” to conform with federal statutes; 2) requires the Housing and Community Development Department (HCD) to promulgate regulations to achieve parity for manufactured homes not built on a permanent chassis; and, 3) requires HCD to consult with key experts and report to the Legislature on the statutory and regulatory changes necessary to regulate, finance, title, tax, and protect homeowners in divided-tenure and leasehold homeownership arrangements.

Assembly Amendments narrow the bill to conform the state definition of "manufactured housing" with a new federal definition. Amendments also change the responsibilities assigned to HCD with respect to regulating manufactured homes not built on a permanent chassis, as well as reporting on what is needed to develop a new statutory and regulatory framework for homeowners in divided-tenure and leasehold homeownership arrangements.

ANALYSIS:

Existing law:

1) Requires, pursuant to The Mobilehome Parks Act (Act), 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.

   a) 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.

5) 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.

6) 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).

7) 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.

8) Establishes, pursuant to The Manufactured Home Property Tax Law*,* a process governing the taxation of manufactured homes, including mobilehomes, as defined.

9) Permits manufactured homes to be titled in one of two ways: real property or personal property.

10) Recognizes, by default, manufactured homes as personal property, unless they meet certain conditions.

11) Excludes a manufactured home that has become real property by being affixed to land on a permanent foundation system pursuant to the Act and is taxed as all other real property is taxed.

This bill:

1) Defines "manufactured home" to mean a structure that was constructed on or after June 15, 1976, with or without a foundation system, and has the same meaning as defined in Section 5402 of Title 42 of the United States Code.

2) Clarifies that "manufactured home" does not mean a commercial modular, factory-built housing, a mobilehome, a multifamily manufactured home, or a recreational vehicle, as each 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.

   a) Exempts those regulations from the Administrative Procedure Act.

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

5) Requires HCD on or before July 1, 2029, to prepare and 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, as specified.

6) Requires HCD, in preparing the report to the Legislature required by 5), to contract with appropriate outside parties to consult with specified experts.

Background

Mobilehome parks in California. More than 1 million people live in approximately 4,500 mobilehome parks throughout California. Mobile and manufactured homes are unique in that they are one of the only remaining forms of naturally occurring affordable housing – meaning they are offered at comparatively affordable prices without public subsidy. According to the Manufactured Housing Institute, manufactured homes cost up to 50% less per square foot than conventional site-built homes.[1] Further, the Urban Institute notes that the quality and appeal of manufactured homes built to US Department of Housing and Urban Development (HUD) standards has improved dramatically, making them a viable affordable housing option.[2] While these units are often colloquially referred to as mobilehomes, the vast majority of them are not actually mobile due to prohibitive relocation costs and limited financial flexibility among homeowners. Once placed on a foundation, removing the home from it for transport can cost upwards of tens of thousands of dollars. In practice, this puts many mobile and manufactured homeowners in a unique position, where they own their unit, but lease the land their unit is on, making them both an owner and a tenant.

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

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[1] Manufactured Housing Institute, *2023 Manufactured Housing Facts* (June 2023), **2023-Industry-Overview.pdf (manufacturedhousing.org)**

[2] Urban Institute, The Role of Manufactured Housing in Increasing the Supply of Affordable Housing (July 2022), Accessible here: **https://www.urban.org/sites/default/files/2022-07/The%20Role%20of%20Manufactured%20Housing%20in%20Increasing%20the%20Supply%20of%20Affordable%20Housing.pdf**..

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.[3] 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.[4]

	Personal Property (Contract Financing)	*Real Property (Mortgage)*
Total Loan Volume	55,703 ($5.4 billion)	76,277 ($15.3 billion)
Landowner Share	25.3%	99.6%
Median Interest Late	8.0%	5.5%
Denial Rates	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:

	Personal Property Loan	*Real Property Mortgage*
Starting Principal	$150,000	

[3] 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.
[4] 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.

Rates & Terms	8% for 15 years	5.5% for 30 years
Monthly Payment	$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 requiring HCD to study the statutory and regulatory conditions needed to enable greater real property titling of these units, California will be on a path 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 households in manufactured homes 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 households in manufactured homes.[5] 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) *Federal conformity.* On July 11, 2026, the federal 21st Century ROAD to Housing Act became law, with provisions affecting a variety of federal housing statutes, including those related to mobile and manufactured homes. One of the notable changes is updating the federal definition of "manufactured home" to include homes *not* built on a permanent chassis, and requiring each state to update their regulations to ensure definitional conformity. This bill would do that by updating the definitions of "manufactured home" within both the Commercial Code and Health and Safety Code.

6) *Report back to me.* This bill requires HCD to consult with relevant experts and then identify the statutory and regulatory 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. This bill requires HCD to share those findings in a report to the Legislature, as specified.

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[5] 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.

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

According to the Assembly Appropriations Committee:

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.

SUPPORT: (Verified 8/24/26)

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 8/24/26)

California Mobilehome Park Owners Alliance

ARGUMENTS IN SUPPORT: Those writing in support of the bill argue that it would empower manufactured homeowners to achieve greater parity with site-built housing through greater access to real property titling and the mortgage market, which could improve affordability and stability.

ARGUMENTS IN OPPOSITION: Those writing in opposition to the bill argue that it could introduce novel legal and financial disputes within mobilehome parks.

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8/25/26 15:51:38

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