Date of Hearing: April 9, 2025

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT
Matt Haney, Chair
AB 635 (Ahrens) – As Introduced February 13, 2025

SUBJECT: Mobilehome Residency Law Protection Program: Attorney General

SUMMARY: Requires the Department of Housing and Community Development (HCD) to refer up to a total of 25 alleged violations, as specified, from the Mobilehome Residency Law Protection Program (MRLPP) in any given fiscal year to the office of the Attorney General (AG), authorizes the AG to use funds from the Mobilehome Dispute Resolution Fund (the Fund), and deletes the sunset date of the MRLPP. Specifically, **this bill**:

1) Requires HCD, under the MRLPP, to refer up to a total of 25 alleged violations of the Mobilehome Residency Law (MRL) in any given fiscal year to the office of the AG that the department in good faith efforts selects as the most severe, deleterious, and materially and economically impactful alleged violations.

2) Authorizes the AG to arbitrate, mediate, negotiate, or pursue any and all available judicial remedies in connection with any violations of the MRL.

3) Makes funds available in the Mobilehome Dispute Resolution Fund to the AG, upon appropriation by the Legislature to use to perform duties related to 2) above.

4) Deletes the sunset date of January 1, 2027, thereby extending the MRLPP and Fund permanently.

EXISTING LAW:

1) Regulates, pursuant to the MRL, the rights, responsibilities, obligations, and relationships between mobilehome park management and park residents. (Civil Code Section 798, et seq.)

2) Establishes the MRLPP within HCD. Requires HCD to provide assistance in taking complaints, and helping to resolve and coordinate the resolution of those complaints, from homeowners relating to the MRL. (Health and Safety Code (HSC) Section 18802)

3) Prohibits HCD from arbitrating, mediating, negotiating, or providing legal advice in connection with mobilehome park rent disputes, lease or rental agreements, or disputes arising from lease or rental agreements. Authorizes HCD to provide information on these issues to the complaining party, park management, or other responsible party. (HSC 18802)

4) Requires HCD to refer any alleged violations of law or regulations within HCD's jurisdiction to the Division of Codes and Standards within HCD. Authorizes HCD to refer any alleged violations of law or regulations that are not within HCD's jurisdiction, including, but not limited to, rent disputes, criminal activity, or alleged discrimination, to the appropriate enforcement agency. (HSC 18802)

5) Requires HCD to contract with one or more qualified and experienced nonprofit legal services providers (LSPs) in administering the program, and requires HCD to refer

complaints selected for evaluation to those nonprofit LSPs for possible enforcement action. (HSC 18803)

6) Prohibits a nonprofit LSP from charging any fees to a homeowner for any services performed in connection with a complaint referred to it by the department. (HSC 18803)

7) Beginning January 1, 2019, and each subsequent year thereafter, requires HCD to assess and collect from park management an annual registration fee of $10 per mobilehome lot within each mobilehome park subject to the MRL. Authorizes park management, notwithstanding any other law or local ordinance, rule, regulation, or initiative measure to the contrary, to pass on all or a portion of the amount of the annual registration fee to homeowners within the mobilehome park. Establishes the Fund in the State Treasury to receive all moneys collected via the MRLPP and makes moneys in the Fund available upon appropriation by the Legislature for purposes of implementing the MRLPP. (HSC 18804)

8) Requires HCD to include in its annual report to the Legislature specified data collected from the MRLPP and recommendations for any statutory or administrative changes to the program. (HSC 18805)

9) Sunsets and repeals the MRLPP and Fund as of January 1, 2027. (HSC 18806)

FISCAL EFFECT: Unknown.

COMMENTS:

Author's Statement: According to the author, "Recognizing the steep rise in housing costs and the persistent instability many face, I prioritize ensuring that mobile home park residents experience a sense of security and peace of mind in their living situations. Through the Mobilehome Residency Law Act, we seek to establish comprehensive safeguards that protect residents from unfair practices such as arbitrary rent increases, unjust evictions, and exploitation by park owners. By creating a more equitable framework, we aim to foster a supportive and stable community for all mobile home park residents."

Background: More than 1 million people live in California's approximately 4,500 mobilehome parks. Mobilehomes are not truly mobile, in that it is often cost prohibitive to relocate them. The cost to move a mobilehome ranges from $2,000 to upwards of $20,000 depending on the size of the home and the distance traveled. A mobilehome owner whose home is located in a mobilehome park does not own the land the unit sits on, and must pay rent and fees for the land and any community spaces.

The MRL extensively regulates the relationship between landlords and homeowners who occupy a mobilehome park. A limited number of provisions also apply to residents who rent, as opposed to own, their mobilehome. The MRL has two parts: Articles 1 through 8 apply to most mobilehome parks and Article 9 applies to resident-owned parks or parks which are established as a subdivision, cooperative or condominium. The provisions cover many issues, including: 1) the rental and lease contract terms and specific conditions of receipt and delivery of written leases, park rules and regulations, and other mandatory notices; 2) mandatory notice and amendment procedures for mobilehome park rules and regulations; 3) mandatory notice of fees and charges, and increases or changes in them; and 4) specified conditions governing

mobilehome park evictions. A dispute that arises pursuant to the application of the MRL generally must be resolved in a civil court of competent jurisdiction.

HCD oversees several areas of mobilehome law, including health and safety standards, registration and titling of mobilehomes and parks, and, through the Mobilehome Ombudsman, assists the public with questions or problems associated with various aspects of mobilehome law. The Mobilehome Ombudsman provides assistance by taking complaints and helping to resolve and coordinate the resolution of those complaints. However, the Ombudsman does not have enforcement authority for the MRL, and cannot arbitrate, mediate, negotiate, or provide legal advice on mobilehome park rent disputes, lease or rental agreements, but may provide general information on these issues.

HCD also inspects parks and mobilehomes for health and safety issues. Under the Mobilehome Park Maintenance (MPM) program, HCD annually inspects a selection of parks for compliance with health and safety requirements under the Health and Safety Code (Mobilehome Parks Act) and Title 25. The program is funded through a $4 fee, of which the property owner may charge half ($2) to the homeowners. In addition to the MPM program, HCD also responds to health and safety complaints under the Mobilehome Parks Act.

Mobilehome Residency Law Protection Program: AB 3066 (Stone), Chapter 744, Statutes of 2018, established the MRLPP as a five year pilot program at HCD to intake complaints regarding alleged violations of the MRL and refer complaints to LSPs. LSPs have the sole authority under the law to determine which referred complaints will be addressed or pursued and are prohibited from charging fees to any homeowner under the program rules, as the program is funded via a $10-per-lot fee paid by homeowners and deposited into the Fund for program administration. The MRLPP was originally scheduled to sunset on January 1, 2024. In 2023, AB 318 (Addis), Chapter 736, extended for three years the sunset date of the MRLPP to January 1, 2027 and made additional changes to the program rules, some of which had been recommended in HCD's evaluation of the pilot program. These changes included removing the requirement for HCD to select only the most severe, deleterious, and materially and economically impactful alleged violations for referral to LSPs, and removing the requirement for parties to spend the first 25 days attempting to negotiate a resolution to the alleged violation in good faith.

The MRLPP now has an annual reporting requirement and HCD recently published program information on March 14, 2025 covering the cumulative time period from July 2020-December 2024.[1] The report notes total revenue collected of $17 million and total expenditures, including estimated expenses for fiscal year 2024-25, of $9.4 million, leaving a balance in the Fund of approximately $8.4 million at the conclusion of the fiscal year. In addition, the report described the cumulative number of allegations received, processed, and referred to an LSP or another enforcement agency, the type of complaint allegations received broken down by section of the MRL, and a geographic distribution of complaints by county. To date, HCD reports having received a total of 7,002 complaints, of which 6,300 were processed and 1,580 were referred to another enforcement agency or to an LSP for further action.

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[1] https://www.hcd.ca.gov/sites/default/files/docs/manufactured-and-mobilehomes/0325-mpm-taskforce-mrlpp-attachment.pdf

MRLPP Audit: The California State Auditor performed an audit of the MRLPP, and its findings were released on December 19, 2023 in Audit 2023-112.[2] An excerpt of the Auditor's letter to the Legislature announcing the audit findings is below:

> Although LSPs are responsible for providing services to complainants, attorney-related privileges limit HCD's ability to effectively oversee the work done by these contractors. The privileges prevent the LSPs from providing information—such as the number of hours they work on a complaint or investigations they perform to assist complainants—that HCD needs to determine if the LSPs are serving referred complainants. We also found that HCD did not take immediate action when LSPs notified it that they were denying services to complainants based on incorrect eligibility criteria and that HCD's program data are not of good enough quality to allow HCD to report accurately or efficiently to the Legislature as required.
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> The program is funded by an annual $10 per lot fee paid by mobilehome park owners. Although we determined that HCD generally spent program funding appropriately, it has spent less than 40 percent of the program's revenue it has collected and has consequently accumulated $8.3 million in unspent funds. Even if HCD's annual costs grow, the amount of unspent funds will likely continue to grow if the Legislature does not reduce the fee. To assess the appropriateness of the program's fee, we modeled different scenarios and determined that suspending the fee from fiscal year 2024–25 through the program's sunset date in January 2027 would reduce the unspent fund balance and still allow HCD sufficient funding to address complaints.

HCD agreed to implement a number of the Auditor's recommendations but expressed significant concern with the recommendation to the Legislature to implement a fee collection freeze. A handful of bills were proposed last year that would have implemented some of the auditor's recommendations relating to improving HCD's oversight of LSP contractors, including one heard in this committee, AB 2291 (Alanis) of 2024, though none reached the Governor's desk.

State Enforcement: This bill would require HCD to refer up to 25 alleged MRL violations in any fiscal year to the office of the AG. HCD would be required to use good faith efforts to select the most severe, deleterious, and materially and economically impactful alleged violations for referral to the AG. Under the bill, the AG would be able to request the Legislature to appropriate moneys in the Fund to support its enforcement activities in connection with any MRLPP referrals it receives from HCD. This change would expand public enforcement activities for alleged violations of the MRL (though the AG already has the ability to bring MRL-related cases if it so chooses) that would run parallel with LSPs continuing to receive other alleged violations from HCD.

Arguments in Support: According to the Golden State Manufactured-home Owners League (GSMOL), the bill's sponsor, "AB 635 will ensure that HCD refers the most egregious violations, including systematic illegal acts, that lead to individuals losing their homes to the Attorney General for more effective enforcement. The Attorney General would have full discretion and authority to arbitrate, mediate, negotiate, or pursue any and all available judicial remedies in connection with the most severe violations of the MRL. Funds from the Mobilehome

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[2] https://www.auditor.ca.gov/reports/2023-112/index.html

Dispute Resolution Fund shall be made available to the Attorney General. The MRLPP is self-funded by fixed-income, modest-income Californians pooling their limited resources."

Arguments in Opposition: According to the Western Manufactured Housing Communities Association (WMA), "It is prudent for the legislature to wait until park-manager training is fully implemented before discussing the appropriateness of making the MRLPP permanent. At a minimum, WMA encourages you to keep the sunset date of the MRLPP as is, which is not until December 31, 2026. If you are still intent on pursuing an extension, a one-year extension of the sunset date to December 31, 2027, seems more justified. There are still many other provisions of AB 635 that WMA opposes; but making a program permanent that has not even settled on a structure, without any demonstrable need or a thorough evaluation of the program's performance is contrary to common sense."

Committee Amendments: Staff recommends the bill be amended as follows:

1) Given the policy change proposed in the bill to expand the program by requiring HCD to refer serious complaints to the AG and to allow the AG to draw on the Fund in order to take potential enforcement action on complaints it is referred by HCD each year, the committee may wish to reinstate a sunset clause rather than permanently extending the program to preserve the Legislature's ability to perform oversight of the changed program with a new department being added to the program administration.

~~**SEC. 3. Section 18806 of the Health and Safety Code is repealed.**~~

SEC. 4. Section 18806 of the Health and Safety Code is amended to read:

18806. This part shall remain in effect only until January 1, ***2030*** ~~2027~~, and as of that date is repealed.

2) With the proposed addition of the AG to the administration of the program, and with new authority granted to the AG to access the Fund to perform enforcement activities, the committee may wish to modify the existing reporting requirement in HSC 18805 to require additional reporting on the activities the AG would be performing under the bill.

SEC. 3. Section 18805 of the Health and Safety Code is amended to read:

18805. (a) The department shall include all of the following information in the annual report submitted pursuant to Section 50408:

(1) The amount of registration fees collected pursuant to Section 18804 and the amount expended on the program***, including the amount expended by the Attorney General pursuant to subparagraph (2) of paragraph (d) of Section 18802***.

(2) The total number of complaint allegations received, the total number of complaint allegations processed, and the total number of complaint allegations referred to another enforcement agency***, including the number of complaint allegations referred to the Attorney General pursuant to subparagraph (2) of paragraph (d) of Section 18802***, or to a nonprofit legal services provider.

(3) The type of complaint allegations received.

(4) To the extent possible, the outcome of each complaint received by the program.

(5) Activities completed by a nonprofit legal services provider contracted with pursuant to the program.

(6) The most common complaint allegations.

(7) Recommendations for any statutory or administrative changes to the program.

(b) The department shall additionally report the information required pursuant to paragraphs (1) to (3), inclusive, of subdivision (a) to the task force convened pursuant to Section 18400.3.

Related Legislation:

AB 2291 (Alanis) of 2024 would have required HCD to increase its oversight of LSPs in the MRLPP and to monitor updates to detect any inappropriate denial of services. This bill passed the Assembly Floor on a vote of 71-0 and died pending a hearing in the Senate Housing Committee.

AB 318 (Addis), Chapter 736, Statutes of 2023: Extended the sunset on the MRLPP from January 1, 2024 to January 1, 2027, and made several changes to the program.

AB 3066 (Stone), Chapter 774, Statutes of 2018: Established the MRLPP and Fund.

Double-referred*:* This bill was also referred to the Assembly Committee on Judiciary where it will be heard should it pass out of this committee.

REGISTERED SUPPORT / OPPOSITION:

Support

Golden State Manufactured-home Owners League (Sponsor)
Chinatown Community for Equitable Development

Opposition

California Mobilehome Parkowners Alliance
Western Manufactured Housing Communities Association

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