

family dwelling and includes the plumbing, heating, air conditioning and electrical systems contained within.

- 5) Establishes the Davis-Stirling Common Interest Development Act, which provides rules and regulations governing the operation of residential CIDs and the rights and responsibilities of homeowners and homeowners' association (HOA) members.

This bill:

- 1) Voids, within the Davis Sterling Act, any governing document or architectural guidelines or policies within a CID that that prevents the replacement of a fuel-gas-burning appliance with an electric appliance.
- 2) Defines “manufactured home” and “mobilehome” as including the plumbing, heating, air conditioning, and electrical systems contained both within and outside the structure.
- 3) Adds that nothing shall prohibit the replacement of fuel-gas-burning water heaters with electric appliances in manufactured homes or mobilehomes.
- 4) Provides that nothing shall prohibit the installation of plumbing, heating, or air-conditioning systems for manufactured homes, mobilehomes, or multifamily manufactured homes from being located outside the home if necessary to replace an existing fuel-gas-burning water heater.
- 5) Requires HCD, by August 15, 2025, to issue regulations that include standards for electric water heater seismic bracing, anchoring, and strapping to be applicable statewide in manufactured homes and mobilehomes. Requires new relevant appliances to adhere to these standards.
- 6) Requires HCD to by December 31, 2025, update existing regulations regarding the facilitation of electric appliance replacement in manufactured homes and mobilehomes.

COMMENTS:

- 1) *Author's statement.* “Despite California’s ambitious greenhouse gas reduction targets and incentives to convert to more climate-friendly appliances, local agencies and non-profit organizations at the forefront of electric appliance installations have raised concerns about outdated health and safety codes that could prevent or discourage individuals from making the switch from gas to

electric appliances. Issues such as legal ambiguities or delays in approval of installation from a homeowner association (HOA) can potentially add time or costs to the process of allowing residents to make the switch. This is particularly burdensome in cases of changes of appliances at the ‘end of life,’ where a family cannot and will not wait 3-6 months for their HOA to approve replacement water heater installation. These outdated regulations could preemptively increase building electrification barriers and costs, particularly for edge case installations of heat pumps on the exteriors of homes, or for replacements in mobile and multi-family homes. SB 1095 will help preemptively remove potential barriers that could frustrate Californians trying to make the switch to electric appliances so that all Californians can have cozier, healthier zero-emission homes.”

- 2) *Background: CIDs.* CIDs are a type of housing with separate ownership of housing units that also share common areas and amenities. There are a variety of different types of CIDs including condominium complexes, planned unit developments, and resident-owned mobilehome parks. In recent years, CIDs have represented a growing share of California’s housing stock. In 2019 there were an estimated 54,065 CIDs in the state which contain 5 million housing units, or about 35% of the state’s total housing stock.

CIDs and their governing documents are regulated under the Davis-Stirling Act. CIDs can also have Covenants, Conditions, and Restrictions (CC&Rs) which are filed with the county recorder at the time they are established. Owners in a CID are contractually obligated to abide by the CC&Rs and the governing documents of a CID, which specify rules, such as how an owner can modify their home. Additionally, CIDs include HOAs which are run by an elected board of directors.

- 3) *Background: Manufactured homes and mobilehomes.* More than 700,000 people live in California's approximately 4,700 mobilehome parks. 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. Manufactured homes differ in definition from mobilehomes solely by date: if a home was made before June 15, 1976, it is a mobilehome, and if after it is a manufactured home. A 2018 HCD housing report found that "advances in technology and regulation have resulted in high-quality [manufactured] homes, with greater energy that cost 10 to 20% per square foot less than conventionally built homes."

HCD enforces health and safety standards in manufactured homes and mobilehomes. Specifically, HCD regulates the installation and replacement of

gas appliances in mobilehomes and manufactured homes. In existing law, HCD has not been tasked with regulating replacements or installations of electric appliances in this context.

- 4) *Environmental benefits: Local and state efforts to encourage conversion to electric appliances.* According to the CARB 2018 GHG Inventory, commercial and residential buildings are responsible for approximately 12% each of all greenhouse gas (GHG) emissions, and space and water heating make up nearly 75% of all building-related fuel consumption. To date, only electric appliances can fulfill this zero emissions goal. Because of the impacts to the environment, CARB is considering a regulation requiring any newly purchased heater to be a zero-emission space or water heater as an important part of their effort to decrease GHG emissions to help meet the state's climate goals of achieving carbon neutrality by 2045 or earlier. Similarly, the sponsor the Bay Area Air Quality Management District (BAAQMD), are considering amending their Regulation 9, Rules 4 and 6 to reduce emissions of nitrogen oxides from residential and commercial furnaces and water heaters via replacement or upgrade to zero emission electric appliances. These BAAQMD amendments would bring the Bay Area into line with management districts in the Southern California and Central Valley regions, which are developing programs to help residents facilitate the transition to zero-emission, electric appliances. These changes in regulation are examples of a trend to electrification primarily for the sake of reducing GHG emissions.
- 5) *Allowing electric appliances in HOAs.* According to the author, HOAs have permitting approval over appliance replacement, which can result in a number of issues for homeowners trying to make the transition from gas to electric appliances. For example, some HOA permitting can create installation delays, which adds to overall costs to the homeowners, while others outright ban electric appliances altogether. According to a 2022 California Public Utilities Commission (CPUC) heat pump market study¹, HOA permitting can also cause uncertainty for contractors. Overall, these issues make it more difficult to convince homeowners to make the switch to electric appliances. This bill addresses this uncertainty by allowing electric appliances in HOAs.
- 6) *Allowing electric appliances in manufactured housing and mobilehomes.* Current law also makes it difficult to install certain electric appliances in manufactured homes and mobilehomes. Some electric appliances in their design require at least partial exterior installation, which is not currently recognized in code as part of the area of the home. Existing law's protections for use of original materials and methods of construction can also conflict with electric appliance replacement if HCD interprets gas appliance infrastructure as

an original material of a home. Finally, existing code makes no mention of replacing gas burning appliances with electric models.

This bill would make several changes to make it easier to install electric appliances in manufactured housing and mobilehomes. Specifically, it would redefine exteriors to be considered part of manufactured and mobilehomes, allowing the installation of appliances that require exterior space. It also voids any policy from prohibiting electric appliances, such as using original materials. Finally, it clarifies that HCD can regulate and facilitate the use of electric appliances.

- 7) *Opposition.* The opposition, including California Manufactured Housing Institute and the Western Manufactured Housing Communities Association, have objections to the bill and also concerns about the practical, long-term impacts of a transition to electric appliances. Within the bill, they object to changing the definition of manufactured home to include exteriors. This redefinition conflicts with the preemptive Federal National Manufactured Housing and Safety Construction Standards Act, which defines manufactured homes to exclude exteriors; this change would result in manufacturers to issue a warranty for manufactured homes that are out of compliance with federal code and create confusion in California, which uses the federal definition. They are concerned about practical and economic feasibility if the use of electric appliances was mandatory, especially in mobilehomes and mobilehome parks that may not have the electrical capacity to accommodate a significant increase in the number of electric appliances. They have further practical concerns relating to the safety of exterior appliances, and the costs relating to making necessary upgrades. However, this bill does not require the use of electric appliances, but rather allows that use in HOAs, mobilehomes, and manufactured homes.
- 8) *Clarifying Amendments.* **To resolve the objection from the opposition that the amended definition of “manufactured housing” preempts Federal Code and would create separate standards in state law, the author will be accepting the following amendments in committee due to timing:**
 - a) **The change in definition of a “manufactured home” will be removed.**
 - b) **The language stating this change in definition is declaratory of existing law will also be removed.**
- 9) *Double-referral.* This bill was also referred to the Senate Judiciary Committee.

RELATED LEGISLATION:

AB 1572 (Friedman, Chapter 849, Statutes of 2023) — prohibited the use of potable water to irrigate nonfunctional turf on properties including homeowners' association, common interest development, and community service organizations.

SB 1016 (Allen, Chapter 376, Statutes of 2018) — prohibited any unreasonable restriction, particularly concerning to multi-family housing, on the installation or use of an electric vehicle-dedicated time-of-use meter in common interest developments.

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

POSITIONS: (Communicated to the committee before noon on Wednesday, March 13, 2024.)

SUPPORT:

Bay Area Air Quality Management District (Sponsor)
ACT Now Bay Area
Acterra: Action for A Healthy Planet
Building Decarbonization Coalition
California Air Pollution Control Officers Association
California Environmental Voters
Carbon Free Palo Alto
Carbon Free Silicon Valley
Center for Biological Diversity
EarthJustice
Institute for Market Transformation
Natural Resources Defense Council (NRDC)
Physicians for Social Responsibility - San Francisco Bay Area Chapter
Rewiring America
RMI
Sierra Club California
SPUR
US Green Building Council

OPPOSITION:

California Manufactured Housing Institute
Western Manufactured Housing Communities Association