



CALIFORNIA
ASSOCIATION
OF REALTORS®



January 28, 2025

The Honorable Issac Bryan
California State Assembly
1021 O Street, Suite 5630
Sacramento, CA 95814

RE: AB 246 (Bryan) – State of Emergency: Residential Rent Increases: County of Los Angeles: Price Gouging: Enforcement by District Attorney - Oppose

Dear Assembly Member Bryan:

On behalf of the listed organizations, we are writing to express our strong opposition to AB 246, your bill that would prohibit residential rental property owners in the County of Los Angeles from increasing rental rates beyond the levels charged as of January 7, 2025. It would also authorize district attorneys to enforce its provisions and subject violators to civil penalties of up to \$10,000. The bill would remain in effect until 12 months after the state of emergency, proclaimed by the Governor on January 7, 2025, in the Counties of Los Angeles and Ventura due to the Palisades Fire and windstorm conditions.

While we fully acknowledge and share your commitment to protecting victims of the recent fires from rent gouging in Los Angeles and the surrounding counties, we believe AB 246 fails to strike an equitable balance between the needs of tenants and the significant financial burdens faced by rental property owners.

Rent Gouging Is Already Addressed Under Existing State Law - Current state law already prohibits rent gouging in emergency-declared areas, including Los Angeles and Ventura Counties. California Penal Code §396 defines and enforces rent gouging protections, which are activated under state and local emergency declarations. This existing framework ensures tenants are protected from rent gouging without imposing a blanket rent freeze that disregards the financial realities of operating housing in today's challenging environment. AB 246 overreaches by extending these protections in a manner that unfairly penalizes property owners.

AB 246 Discourages Housing Availability - By freezing rents for 12 months, AB 246 will inadvertently reduce the availability of housing. Property owners who might otherwise consider renting out a room, accessory dwelling unit, or a second home may decide against doing so due to the increased risks and financial constraints imposed by this legislation. This will worsen the housing shortage, especially for residents in desperate need of shelter after the recent fires.

Lessons Learned from COVID-19 - The experience of property owners during the COVID-19 pandemic highlights the unintended consequences of overly restrictive housing policies. For nearly five years, rents were capped while costs continue to climb for property owners. Many landlords lost their properties as

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they struggled to cover local government fees, taxes, soaring insurance premiums, and maintenance costs with limited rental income. During that time, the Turner Center partnered with the National Association of Hispanic Real Estate Professionals to conduct a survey of its membership, which disproportionately owned or managed small, often more affordable, rental properties. The goal was to dig deep into a subset of the rental market to gauge underlying economic vulnerability. They found that more than 80 percent of property owners who owned or managed buildings with fewer than 20 units reported a decline in their rental income. Almost two in five owners lacked confidence in their ability to make ends meet, and they borrowed funds to pay the bills.

These were small property owners who were most likely to see their properties as a source of retirement income. <https://turnercenter.berkeley.edu/research-and-policy/nahrep-and-turner-center-survey-highlights-the-impact-of-covid-19-pandemic-on-small-landlords/> Unfortunately, AB 246 threatens to extend this pattern, creating new challenges for property owners already operating under financial strain from the COVID-19 pandemic.

A More Balanced Approach Is Needed - We are deeply sympathetic to the suffering of residents who have lost their homes due to the fires. However, AB 246 overlooks the financial pressures faced by property owners, including skyrocketing insurance premiums, maintenance costs, and property fees and taxes. Protecting tenants and ensuring housing availability requires a balanced approach that considers the needs of all stakeholders, not just one side.

For these reasons, we urge you to reconsider AB 246 and work toward solutions that address the challenges facing both tenants and property owners in Los Angeles and the surrounding counties. Thank you for your attention to our concerns.

Sincerely,



Debra Carlton, Executive Vice President
State Government Affairs
California Apartment Association



Bernice Jimenez Creager
Legislative Advocate
California Association of Realtors®



Adam Regele
Senior Policy Advocate
California Chamber of Commerce



Karim Drissi
Senior Vice President of Legislative Affairs
California Building Industry Association

cc: Assembly Members Elhawary and Mark González
Senators Allen & Perez