



April 1, 2025

The Honorable Ash Kalra
California State Assembly
1021 O Street, Suite 4610
Sacramento, CA 95814

RE: AB 1157 (Kalra) – Tenancy: Just Cause Termination: Rent Increases – OPPOSE

Dear Assembly Member Kalra:

On behalf of the listed organizations, we are writing to express our strong opposition to AB 1157, your bill that would impose permanent statewide rent control on rental housing—including single-family homes, accessory dwelling units (ADUs), and individually owned condominiums—by capping annual rent increases at 2% plus the change in the cost of living, or 5%, whichever is lower.

A Reminder of the AB 1482 Compromise

As you know, we worked in good faith to help pass AB 1482 (Chiu, Chapter 597, Statutes of 2019), which established a rent cap of 5% plus inflation, not to exceed 10%. That law struck a careful balance, aiming to prevent rent gouging while protecting California's efforts to increase housing production. AB 1482 was intended as a temporary, 10-year measure, allowing time for the Legislature to focus on enacting long-term, pro-housing policies. Now, just five years later, AB 1157 undermines that compromise—disregarding the efforts and agreements made by the Governor, Legislature, tenant advocates, and the rental housing industry. **AB 1157 represents both bad policy and bad faith.**

AB 1157 Defies the Will of the Voters

California voters have consistently rejected rent control at the ballot box. In the past seven years, voters overwhelmingly defeated Propositions 10, 21, and 33—each by more than 20 percentage points. AB 1157 disregards this clear mandate and ignores the electorate's voice.

AB 1157 Targets Small Rental Housing Providers and Will Reduce Housing Supply

Nearly 40 percent of rental housing stock in California consists of single-family rental homes, individually owned rented condominiums, and duplexes. Imposing rent control on these properties will push many owners to exit the market, converting rentals into owner-occupied homes and displacing tenants. ADU construction—which has increased significantly—will, no doubt, decline under this policy, reversing the State's progress in expanding our housing stock.

AB 1157 Misses the Root of the Housing Crisis

Rather than addressing the core issue—our severe housing shortage—AB 1157 places blame on rental housing providers. Even with the continuation of AB 1482's 15-year new construction exemption, **AB 1157 sends a chilling message to investors and developers: policy commitments are subject to reversal by lawmakers.** This instability threatens to stall or reverse California's pro-housing momentum.

AB 1157 Will Make Financing Rental Housing More Difficult

Financing new rental housing is already a major challenge in California due to high interest rates, tariffs, and extremely high construction costs. AB 1157 further complicates this by deterring private and institutional investment. It imposes rent caps without offering any corresponding control over the rising costs of construction, maintenance, or compliance.

AB 1157 Benefits the Wealthy, Not Those Individuals and Families in Need

AB 1157 includes no means-testing provisions. As a result, California's wealthiest residents benefit from below-market rents, while the bill fails to prioritize assistance for lower-income families who are most in need.

The Research Is Clear: Rent Control Hurts the Housing Market

Hundreds of studies have shown that rent control reduces housing availability, discourages new construction, and ultimately harms renters:

Stanford University Study

["The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality" – Diamond, McQuade & Qian – Rent Control Leads to a Loss of Rental Housing](#)

- Landlords responded to rent control in San Francisco by converting units into condos or redeveloping properties to avoid regulations.
- Result: A 15% reduction in San Francisco's rental housing stock and \$5 billion in welfare losses for renters.

California Legislative Analyst's Office (LAO) Report – Rent Control Discourages New Construction

- Rent control expansion discourages new construction and worsens competition for limited housing.
- Below-market rents for new tenants does not resolve supply issues.
- Conclusion: Rent control exacerbates affordability challenges rather than solve them.

University of Chicago Survey of Economists – Building More Housing is the Most Effective Solution

- Rent control does not reduce income inequality over the next decade.
- Rent control does not help middle-income households in the long run.
- Rent Control reduces housing supply, and nearly all noted rent control's benefits often accrue to wealthier renters.
- The consensus: Building more housing—especially income-restricted affordable housing—is the most effective solution.

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Conclusion

California faces a housing supply crisis—not a pricing crisis caused by rental housing providers. Policies like AB 1157 that penalize property owners while ignoring the core issue of housing scarcity will only worsen our problems. This fact has been demonstrated by decades of research and supported by the voters over and over again.

We respectfully urge you to honor the compromise of AB 1482 and not move this misguided proposal. For these reasons, we must oppose AB 1157.

Sincerely,



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



Susan Milazzo, *Chief Executive Officer*
California Mortgage Bankers Association



Bernice Jimenez Creager, *Legislative Advocate*
California Association of Realtors®



Skyler Wonnacott
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cc: Assembly Judiciary Committee