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# California Governor Signs Statewide Rent Control Into Law

Apartment Landlord Group Said State Must Now Focus On Building New Housing



California Gov. Gavin Newsom signs Assembly Bill 1482, which caps housing rents in the state. (California Governor's Office)

California Gov. Gavin Newsom signed one of the nation's strongest rent control and tenant protection laws, making his state the third to pass rent control legislation this year in an effort to address a growing affordable housing crisis.

The Democratic governor, who was involved in shaping the legislation's final form, on Tuesday signed Assembly Bill 1482, which caps annual rent increases at 5% plus the cost of inflation and restricts a landlord's ability to kick out tenants when it takes effect Jan. 1.

The Democrat-controlled California Assembly [passed the bill by a 46-22 vote along partisan lines last month](#), sending to Newsom's desk the measure meant to address a worsening housing crisis in a state where millions of people are paying more than half their monthly income to landlords.

Newsom said tenant protection is part of a three-pronged approach that must include preservation of affordable housing and new construction.

"No one thought this could be done," Newsom said at the signing. "We're living in the wealthiest state in the country and while we've made progress in reducing our poverty rate, it's still the highest in the nation. This is the issue that defines all other issues in this state."

He was accompanied by state Senate President pro tempore Toni Atkins and Assemblymember David Chiu, the San Francisco Democrat who wrote and sponsored the bill, at the West Oakland Senior Center in Oakland, California.

"We need to build more damn housing," Newsom added.

California follows Oregon and New York in passing a rent control law. Oregon passed statewide rent control capping increases at 7% plus inflation annually, while New York significantly strengthened rules that dictate the rents of almost half of New York City's apartments and allowed other cities to set their own rent caps.

California has the largest population of homeless people in the nation, according to federal figures. Increasing rents have contributed to the growing unsheltered people. The rent bill is meant to address rising costs in cities like San Francisco, where rent rose steadily from 2010 to 2014 and peaked at 6% annual growth in 2015, [according to CoStar Analytics](#).

Despite previously opposing the law, the California Apartment Association has already distributed guidelines to its membership of landlords and investors on how to comply.

"Now that California has adopted the nation's most sweeping statewide tenant protections, it's time to fix the root cause of our housing crisis, a chronic lack of supply," Tom Bannon, chief executive officer of the California Apartment Association, said in a comment emailed to CoStar News.

Chiu said the law will help 8 million Californian who are "one rent increase away from eviction or homelessness."

"It's historic legislation, but folks, our work is not done," Chiu said. "In the long run, we have to build millions of new units at all level of affordability to solve this crisis."

Alexander Goldfarb, a real estate investment trust analyst with Sandler O'Neill who tracks apartment REITs, said recent rent regulations passed in California, New York and Oregon "likely won't have a revenue impact until next cycle, which might as well be next century given that most investors are judged on an almost weekly basis in the current market."

"But this is something we believe investors should pay more attention as regulatory threats are likely to increase," Goldfarb said Tuesday in a preview of apartment real estate investment trust earnings. "We believe the rent control debate will continue across the country as renters face rising housing costs. While we think national rent control is unlikely, it will be an increasing campaign talking point, casting a shadow on market rate landlords and making life tougher for currently regulated units."