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2019 NAHB Chairman of the Board
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August 28, 2019

The Honorable Anthony J. Portantino
Chairman, Senate Appropriations Committee
State Capitol, Room 2206
Sacramento, CA 95814

The Honorable Patricia C. Bates
Vice Chair, Senate Appropriations Committee
State Capitol, Room 2206
Sacramento, CA 95814

RE: Assembly Bill 1482 (Chiu)

Dear Chairman Portantino and Vice Chair Bates:

On behalf of the 140,000 member firms of the National Association of Home Builders (NAHB), representing single family home builders, multifamily housing developers, remodelers and other home building industry professionals across the United States, I write to inform you that we oppose California Assembly Bill 1482 that calls for rent control measures. Rent control in any form will only serve to worsen the housing affordability problem in California.

Countless studies over the years have found that rent control is counter-productive as a mechanism for addressing housing affordability problems. Economist Ken Rosen of UC-Berkeley, in his 2018 report for the Fisher Center for Real Estate & Urban Economics, points out that “rent control is need-blind,” and “fails to ensure that the benefits of lower rents help those most in need.” He further points out that it creates housing scarcity and penalizes a large and increasing number of would-be renters, as the rental housing supply is suppressed or shrinks.

Addressing the housing affordability problem in California is complex and will require efforts on many fronts, but ultimately these efforts must involve more production of housing, not less. Rosen highlights three ways that rent control reduces the supply of rental housing:

- Rent control provides incentives for owners to convert existing rental apartment buildings to condominiums or other uses;
- Rent control leads to inefficient housing allocation which increases scarcity; and
- Unrestricted rent control impedes and/or provides disincentives for new construction.

If housing demand outstrips supply, prices go up, and that is what has been happening in California for many years. Rent control in any form is a disincentive for developers and investors and thus will reinforce and exacerbate this fundamental supply/demand imbalance in California.

Instead of adding more regulations and risk as proposed by AB 1482, California should be looking for ways to reduce regulations, remove barriers, and add incentives for developers to produce more housing, especially affordable and workforce housing. Rent control does just the opposite of this.

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We are aware that the California Building Industry Association, one of NAHB's state federations, for various reasons has chosen to support AB 1482. However, NAHB believes rent control is an issue of national concern and that rent control in any form will exacerbate the severe housing shortage and housing affordability problems in California. For these reasons NAHB must oppose AB 1482.

Best Regards,



Gregory F. Ugalde
Chairman of the Board
National Association of Home Builders

cc Honorable Members, Senate Appropriations Committee
 Honorable David Chiu