



Rent Stabilization Board

April 24, 2023

The Honorable Mia Bonta
California State Assembly
1021 O Street, Room 5620
Sacramento, CA 94249-0018

RE: AB 846 – SUPPORT

Dear Assemblymember Bonta,

The City of Berkeley Rent Stabilization Board is pleased to support AB 846, your bill to protect low-income renters from unpredictable and potentially significant rent spikes by capping annual rent increases for properties funded through the Low-Income Housing Tax Credit (LIHTC) program. This is a much-needed improvement to LIHTC, the state's primary funding source for lower-income housing.

Federal law establishes a maximum rent for LIHTC units that is 30% of the area median income (AMI) for the income category the unit is deed-restricted to serve, adjusted for household size based on an assumption of 1.5 persons per bedroom. As a result of this formula-based approach, people in LIHTC units often pay more than 30% of their income in rent, the generally accepted standard for "affordable," from the start of their tenancy. Further, whenever AMIs rise, property owners are free to raise rents to the new maximum, regardless of whether a tenant's income has also risen and regardless of how much of a rent increase that may mean. Because of this, over time, LIHTC tenants can become severely rent-burdened (i.e., paying over 50% of their income in rent) despite living in "affordable" housing.

While California law caps annual rent increases in some multifamily properties, residents in LIHTC properties are excluded from that cap. AB 846 will limit annual rent increases in LIHTC properties to ensure that tenants have more predictability and less likelihood of becoming severely rent burdened. A growing number of states, including Alabama, Idaho, Michigan, Minnesota, Montana, New Jersey, Oregon, Pennsylvania, and Wisconsin, limit LIHTC rent increases in some way. The Biden administration recently challenged other states to adopt similar policies as part of its Resident-Centered Housing Challenge to promote fairness and transparency in the rental market.

Thank you for authoring this important bill. We look forward to working with you and your staff to ensure its enactment.

Sincerely,

A handwritten signature in blue ink, appearing to read "Leah Simon-Weisberg". The signature is fluid and cursive.

Leah Simon-Weisberg, Chair
City of Berkeley Rent Stabilization Board