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Image

## L.A. Tightens Rent Controls for First Time in Decades

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Los Angeles is about to make it tougher to raise rents.

Starting in early February, landlords on most multifamily apartments can only raise rents 1% to 4% a year, depending on the local inflation rate. That is down from a 3%-8% limit dating back 40 years.

With its new policy, Los Angeles is wading deeper into a national debate over whether price controls can help tenants struggling to afford their homes, or, ultimately, will have the opposite effect by depressing new investment. The region's longrunning housing shortage was made even worse by a pair of fires last year that destroyed neighborhoods on opposite sides of Los Angeles County.

Landlords and developers opposed the changes, saying they would make it yet harder to keep up with rising costs and attract new investment. But activist groups, tenants' representatives and Los Angeles's political leaders wanted stricter rent limits—with some pushing for even tighter rules than the city adopted—in a bid to prevent evictions and homelessness.

“The problem facing the nation and most certainly facing our state and city is affordability, and at the core of affordability is the price of housing,” Mayor Karen Bass, a Democrat, said last week after signing the new ordinance. “This is a step forward.”

The city's new rules aren't universal. They don't apply to any single-family homes, or to apartments built after the late 1970s, when an earlier version of rent limits first took effect. And landlords can still raise rents to market rates when new tenants move in.

Still, this leaves roughly three-fourths of Los Angeles's multifamily housing stock—or about 651,000 apartments—set to face stricter caps on rent increases. Ultimately, that puts owners of older properties at a disadvantage. But even landlords of exempt apartments fear that the new rules will make it harder to compete for tenants at their higher prices.

The average rent for a rentcontrolled unit in Los Angeles hovers around \$1,800 a month, while market-rate units go for about \$2,700. Both are higher than the national average of about \$1,750, which includes rent-regulated and market-rate apartments.

Economists have long argued that rent controls tend to deter investment and, over the long run, lead to chronic undersupply.

But as voters grow frustrated over stubbornly high housing costs, more politicians are leaning into rent regulation. New York City Mayor Zohran Mamdani's promise of a four-year rent freeze helped catapult him to victory, though he now faces an uphill battle to deliver on that pledge.

Minnesota's Twin Cities became a case study in the rentcontrol debate. In 2022, as rents were skyrocketing nationwide, St. Paul enacted one of the most restrictive rentcontrol laws in the country, which didn't exempt new construction. Multifamily permits soon plummeted, even while they accelerated next door in Minneapolis, which had no rent control. Now, the state capital is loosening its rent laws.

Massachusetts Gov. Maura Healey, a Democrat, said on a local radio program recently that she would vote against a planned rent-control ballot measure for fear it would hurt housing production in her state.

Investors had already been avoiding the Los Angeles housing market because of what they see as a harsher regulatory environment, said Greg Harris, a multifamily investment broker with Institutional Property Advisors in Los Angeles.

In the first eight months of 2025, the Los Angeles metropolitan area authorized slightly fewer new housing units than the Austin, Texas, metro, despite having five times the population, according to census data. Mayor Bass opposed a new state law that aims to make it easier to add multistory apartments near transit stops, saying it is too rigid and erodes neighborhood input.

Apartment owners, especially small ones, said they have been clobbered by rising interest rates, inflation and insurance costs of the past several years. "It's been death by a thousand cuts," said Daniel Yukelson, the head of a landlord trade group in Los Angeles.

The new ordinance also prohibits rent increases for additional tenants, such as babies or elderly parents, who are under the care of the primary residents.

Pride St. Clair said he was grateful for a new curb on rent increases in his two-bedroom apartment, where he has lived since 2013. The game designer, who splits the \$1,900 monthly rent there with his partner, said he was laid off in October. "Obviously, I'll never be satisfied. The fight is never done," the 38-year-old said. "But I feel like this was still a victory."

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