



California
Business
Properties
Association



January 8, 2026

The Honorable Robert Garcia
California State Assembly
1021 O Street, Suite 6240
Sacramento, CA 95814

RE: AB 1439 (R. Garcia) Public retirement systems: development projects: labor standards. (A-3/24/2025) – OPPOSE

Dear Assembly Member Garcia:

The organizations listed here have taken an oppose position on AB 1439, your bill that, among other things, would prohibit new or additional investment of public employee pension or retirement funds in development projects in California unless those projects include labor standards protections. AB 1439 would interfere with existing contractual provisions by which a public employee pension or retirement fund has agreed to provide funding for a project that does not include the labor standards outlined in this bill. Pension or retirement funds that have already promised funding would be exposed to significant legal liability since AB 1439 would impair those existing contracts – an action that is prohibited by federal law.

For some projects, these labor standards would be infeasible to implement due to a lack of skilled and trained workers in the region of the project. California's housing affordability index continues to lag compared to other states where only one in six households can afford a median-priced home which is projected at \$905,000 this year. The requirements of AB 1439 would lead to increased costs of housing further pushing up housing costs not reducing them.

According to estimates from National Association of Home Builders for 2025, a \$1,000 increase in the cost of a home prices 8,905 California households out of the housing market. AB 1439 would further reduce California's affordability and would result in more Californian's being disadvantaged than benefitting from this requirement.

Another significant impact of AB 1439 would be on the affordable housing sector. CalPERS pension fund since late 2024 has already committed at least \$500 million into affordable housing projects. AB 1439 would lead to less housing investment for all income levels and jeopardize housing availability as well as its affordability. By way of example, a Terner

Center Report estimated that the “increased cost associated with prevailing wages ranges from about \$84,800 to \$106,700.17” for the LIHTC projects they sampled.

Pension funds, retirement funds, and developers enter into agreements based on the law that exists at the time of entering into their agreement. There is no reason to apply these restrictions retroactively.

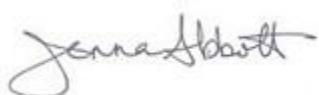
California continues to grapple with its housing crisis and AB 1439 only worsens the problem the state has in meeting its housing needs by restricting funding resources.

For these reasons, we must OPPOSE AB 1439.



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