

# MEASURING LA'S MANSION TAX

*An Evaluation of Measure ULA's First Year*

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WE NEED  
LONG TERM  
SOLUTIONS

# TABLE OF CONTENTS

## 6 EXECUTIVE SUMMARY

## 8 INTRODUCTION

- What Is Measure ULA?
- Los Angeles' Severe Housing Crisis Shows Why ULA is Needed
- The Need for an Ongoing Source of Revenue

## 14 REAL ESTATE INDUSTRY OPPOSITION, OBSTRUCTION AND TAX AVOIDANCE

- Real Estate Industry-Sponsored Misinformation
- Rush to Sell
- Tax Avoidance Tactics
- Lawsuits by Anti-Tax Groups and Real Estate Interests

## 19 MEASURE ULA'S FIRST YEAR IMPACT

- ULA Revenue
- ULA Expenditure Plan
- ULA Rental Assistance Is Keeping Angelenos Housed
- ULA Funds are Set to Expedite Affordable Housing Development
- Protecting Tenants From Eviction: Stay Housed LA
- Career Paths and Job Creation by Measure ULA

## 25 HOW HAS MEASURE ULA IMPACTED LA'S REAL ESTATE MARKET?

- Nationwide Real Estate Activity Has Declined, Not Just in LA
- LA's Real Estate Sales Declined For All Sales Brackets, Regardless of Whether the ULA Tax Applied
- LA's Real Estate Market Is Recovering, Yielding a Positive Outlook for ULA's Continued Impact
- Long-Term Real Estate Appreciation Far Exceeds the Cost of the ULA Tax

## 33 IN GOOD COMPANY: TRANSFER TAXES ACROSS THE COUNTRY

## 34 CONCLUSION



# EXECUTIVE SUMMARY

**IN NOVEMBER 2022**, 58% of Los Angeles City voters approved Measure ULA to increase the City's existing real estate transfer tax on property sales over \$5 million. The law went into effect on April 1, 2023. In its first year, Measure ULA is on track to raise hundreds of millions of dollars and spend the funds to build more affordable housing, provide emergency rental assistance, protect tenants from eviction, and prevent homelessness. This is all despite efforts by the real estate industry to undermine the new law and a significant shortage of Los Angeles Housing Department (LAHD) staff to carry out the unprecedented program. Measure ULA has nevertheless proven itself effective in improving housing conditions in Los Angeles, and the city has now joined 16 other cities and counties across the nation that have enacted progressive taxes on high-price real estate sales (i.e. "mansion taxes").<sup>1</sup>

*Here are some highlights of Measure ULA's first year:*

## Measure ULA Revenue

- **Measure ULA is the single largest source of revenue for affordable housing and homelessness prevention in the City's budget. Revenue generation is ongoing and will not sunset.**
- **Measure ULA raised \$192 million** in revenue in its first 10 months, from April 1, 2023 through January 31, 2024, with monthly revenue trending upward. Revenue from December 2023 was more than eight times the revenue from ULA's first month (\$29.7 million in December 2023 vs. \$3.6 million in April 2023).
- Measure ULA's \$192 million is more than **double the federal government's annual direct affordable housing funding** to the City of Los Angeles.<sup>2</sup>
- In just its first 10 months, Measure ULA's revenue has exceeded Proposition HHH's average annual revenue (\$120 million) and has generated more funds than Linkage Fees have over the past five years combined (\$121 million total from 2019 through 2023).<sup>3</sup>
- Measure ULA's first-year expenditure plan allocated **\$150 million to affordable housing and homelessness prevention programs.**

**2X**  
*The federal government's annual direct affordable housing funding to City of LA*

1. In addition to Los Angeles, the 16 other jurisdictions that have enacted "mansion taxes" include nine cities in California (Berkeley, Culver City, Emeryville, Oakland, Richmond, San Francisco, San Jose, San Mateo, and Santa Monica) as well as New York, NY; Evanston, IL; Santa Fe, NM; Stamford, CT; Baltimore, MD; Anne Arundel County, MD; and Montgomery County, MD.

2. Based on the LA City Administrative Officer's report on the 49th Program Year (2023-2024) Housing and Community Development Consolidated Plan Budget, which reported \$73.6 million for Housing & Related Programs.

3. Approved by LA City voters in 2016, Proposition HHH funds the development of supportive housing for formerly homeless residents. Adopted by LA City Council in 2017, the Linkage Fee places a fee on certain new market-rate residential and commercial developments to generate local funding for affordable housing production and preservation.



## Affordable Housing Production

- **\$54.7 million of ULA funds are being proposed to expedite nine affordable housing projects, totaling 795 affordable housing units**, including 331 supportive housing units—all proposed to be part of the ULA Accelerator Plus Program. Four of the nine projects have already started construction.<sup>4</sup>
- For every \$1 of ULA funding directed to the affordable housing projects proposed under the ULA Accelerator Plus Program, the City is able to leverage \$9 of local, state, federal, and private funding for a **total leveraged amount of \$514.8 million**.<sup>5</sup>
- **10,000 union construction jobs** will be created at the affordable housing sites proposed under the ULA Accelerator Plus Program.<sup>6</sup>

## Tenant Protections and Homelessness Prevention

- **4,652 Los Angeles tenant households, an estimated 11,000 Angelenos, have been approved for a total of \$24 million in ULA-funded emergency rental assistance**, stabilizing families and preventing thousands of evictions, as of March 11, 2024.<sup>7</sup>
- **1,262 Los Angeles tenants received full legal representation in their eviction cases, and 3,387 tenants received limited legal advice** in 2023 under Stay Housed LA, a countywide tenant legal services and education program that is being expanded by Measure ULA. Of those tenants who had full legal representation, 50% stayed in their homes, 40% negotiated a “soft landing” to prevent homelessness, and 10% received additional assistance with enforcing specific tenant rights.<sup>8</sup>
- **160,000 Los Angeles tenants connected to Stay Housed LA** in 2023 through outreach by community-based organizations, and the program hosted 188 workshops to educate tenants about their rights.<sup>9</sup>

4. Los Angeles Housing Department, “Council Transmittal: Los Angeles Housing Department request for authority to make awards under the United to House LA (ULA) Accelerator Plus Program as a result of the 2023 Notice of Funding Availability, to designate alternates, and to issue funding awards and support letters to new and existing projects,” March 11, 2024, [https://clkrep.lacity.org/onlinedocs/2023/23-0038-s4\\_rpt\\_hci\\_3-11-24.pdf](https://clkrep.lacity.org/onlinedocs/2023/23-0038-s4_rpt_hci_3-11-24.pdf).

5. Analysis of “Council Transmittal,” March 11, 2024.

6. Estimate from City of Los Angeles Bureau of Contract Administration

7. According to the Los Angeles Housing Department.

8. Across Los Angeles County, 2,306 tenants received full legal representation in their eviction cases, and 6,015 tenants received limited legal advice in 2023 under Stay Housed LA.

9. Across Los Angeles County, 400,000 tenants connected to Stay Housed LA in 2023 through outreach by community-based organizations, and the program hosted 400 workshops to educate tenants about their rights.

# INTRODUCTION

**IN RESPONSE TO** Los Angeles' overwhelming housing affordability and homelessness crises, a large and diverse coalition of organizations came together in 2019 to develop and advance a citizens' initiative that could improve housing security for Angelenos. The coalition, known as United to House LA (UHLA), included community-based organizations, labor unions, affordable housing developers, tenant rights groups, community land trusts, homelessness services providers and more. Eventually comprising over 240 organizations, this coalition brought decades of on-the-ground experience of tenants' rights advocacy, affordable housing development, creation of good jobs, services for the unhoused, and community ownership strategies. Under the UHLA banner, they brought together racially diverse constituencies of tenants, homeowners, workers, and unhoused Angelenos.

UHLA drafted the ballot measure called the "Los Angeles Program to Prevent Homelessness and Fund Affordable Housing (House LA)," which became known as "Measure ULA" on the November 2022 ballot for the City of LA. It was often referred to as a "mansion tax," although the measure also applied to apartment buildings and commercial properties. UHLA filed the measure in January 2022, gathered signatures, qualified the measure on May 27, 2022, and organized the successful campaign that led to the passing of ULA on November 8, 2022, with 58% voter approval. The measure garnered the endorsement of the *Los Angeles Times*<sup>10</sup> and the support of the United Way of Greater Los Angeles. The Measure ULA tax went into effect on April 1, 2023.

## What Is Measure ULA?

**MEASURE ULA IS** a one-time real estate transfer tax paid when a property is sold for more than \$5 million in the City of Los Angeles. For transactions valued over \$5 million and less than \$10 million, a 4% tax applies. For properties sold at \$10 million and above, the tax rate is 5.5%. Measure ULA builds on the City and County's existing real estate transfer taxes and has no "sunset" or end date. The City has had a real estate transfer tax in place since 1991 and the County since 1967.<sup>11</sup> Prior to the County's tax, the federal documentary stamp act imposed a similar tax.<sup>12</sup> Measure ULA is similar to these pre-existing real estate transfer taxes except it only applies to high value sales, and the revenue can only be used for purposes allowed under the measure.

The revenue raised by ULA goes directly into the "House LA Fund," which was established by the measure, and is then allocated to eleven homelessness prevention, tenant protection, and affordable housing programs outlined in the measure. Eight percent (8%) of funds may be used for administrative purposes. Of the remaining 92%, seventy percent (70%) of ULA funds go to six programs under the

### *Measure ULA* **AFFORDABLE HOUSING** *Program* (70% of program funds)

- Multifamily Affordable Housing (22.5% -25% )
- Alternative Models for Permanent Affordable Housing (22.5%-25%)
- Acquisition and Rehabilitation of Affordable Housing (10%)
- Homeownership Opportunities, Capacity-Building and Operating Assistance (10%)
- Program Stabilization Fund (5%)

10. Editorial Board, "Endorsement: Yes on Measure ULA," *Los Angeles Times*, October 4, 2022, <https://www.latimes.com/opinion/story/2022-10-04/endorsement-yes-on-proposition-ula>

11. Ordinance No. 166796.

12. See 926 North Ardmore Ave. LLC v. County of Los Angeles, 3 Cal.5th 319, 329 (2017)(discussing the history of documentary transfer taxes in Los Angeles County).



Affordable Housing program. These programs focus on investing in the production of new affordable homes, the preservation of existing affordable housing, and the creation of new low-income and cooperative homeownership opportunities. The construction and rehabilitation of affordable housing also creates many good-paying jobs for workers. A Project Labor Agreement applies to all affordable housing projects of 40 units or more built with ULA funding.

Thirty percent (30%) of programmatic ULA funds are dedicated to the Homelessness Prevention Program, which includes five strategies designed to keep tenants housed, stabilize low-income seniors and

people living with disabilities, and provide resources for the enforcement of tenant protections. The City's first-ever renters' right to counsel program is anticipated to be passed by City Council later this year, in part, due to the funding made possible by these ULA funds. The Homelessness Prevention programs are also creating new jobs in the public, private, and nonprofit sectors.

A core component of Measure ULA was the formation of the Citizen Oversight Committee (COC) to "help ensure the House LA Fund and [Measure ULA] are implemented consistently with the language and intent of [Measure ULA] and in a way that is transparent and accountable to the residents of the City." The COC has 15 members who are residents of the City of Los Angeles. The measure designates each seat on the COC to be filled by individuals who hold particular lived and/

or professional experience, such as affordable housing financing, tenant rights, union representation or lived experience as a low-income tenant. Chief among the COC's various roles is to develop guidelines for ULA programs and approve expenditure plans. In its first year, the COC has met at least monthly, approved the first set of interim guidelines and the inaugural expenditure plan, and conducted a needs assessment. The COC has been developing the permanent guidelines for all eleven ULA programs, which determine the plans and programmatic details for each strategy.

## Los Angeles' Severe Housing Crisis Shows Why ULA is Needed

**LOS ANGELES' HIGH COST** of housing—both ownership and rental—is a huge concern for the city's residents. The wide gap between incomes and housing costs means that many families spend too much of their budgets just to keep a roof over their heads. This also leaves less income to meet other basic needs like food, utilities, and healthcare, and impacts residents' ability to gain access to an important vehicle for building wealth: home ownership.

This basic problem has many ripple effects. The Los Angeles Unified School District faces an epidemic of homeless students and a huge uptick in absenteeism attributed to their families' insecure housing conditions. As high housing costs push lower-paid workers out of the city's core, Los Angeles' businesses struggle to recruit and retain employees. Those that do continue to work in LA must often live in more affordable places far away from their jobs, forcing them to commute long distances on crowded and toxic highways. Residents who are displaced, either directly by eviction (including self-eviction due to landlord harassment) or indirectly by unaffordability, and who have exhausted their options become unhoused or remain chronically unhoused.

### *Measure ULA* **HOMELESSNESS PREVENTION** *Program* *(30% of program funds)*

- Short-Term Emergency Assistance (5%)
- Income Support for Rent-Burdened At-Risk Seniors and Persons with Disabilities (10%)
- Eviction Defense/Prevention (10%)
- Tenant Outreach and Education (2%)
- Protections from Tenant Harassment (3%)

## Chronic Housing Shortage

LA's housing costs have been exacerbated by its longstanding housing shortage and decades of under-production of housing affordable to families of low or moderate income, leading to fierce competition over a scarce supply of housing. According to the state-mandated Regional Housing Needs Assessment (RHNA), LA needed to add 46,590 new housing units for extremely low-, very low-, low-, and moderate- income households between 2014 and 2021.<sup>13</sup> It actually added 11,566 units, less than a quarter of what was needed. In the same period, it dramatically overshot the planning target of 35,412 units for above-moderate income renters, producing 92,407 units. In a city where median annual earnings for individuals was just \$56,769 in 2022,<sup>14</sup> this pattern reveals the failure of the private real estate market to meet the needs of LA's population.

One fundamental source of LA's housing shortage is the cost of land. Put simply, land values are too high to allow profit-making developers to produce new housing for lower- or even moderate-income households within the city. According to an analysis of the LA County Assessor's assessed valuation of all parcels in the City of LA, over the past 10 years between 2013 and 2023, the value of residential real estate nearly doubled, growing 87%.<sup>15</sup> During that same period, the value of parcels with five or more units—the key multifamily segment of the market—rose 93%, from an average of \$1.4 million to \$2.7 million. The enormous growth of land values may benefit the individuals and companies that own the land, but it has had a profoundly negative effect on the larger community. High land costs make affordable development difficult, as rents must cover not only construction costs but also underlying real estate prices and the interest necessary to finance purchases.



## Renter Majority, Cost Burden, and Corporate Landlords

Los Angeles is a renter-majority city, as rental units comprise 64% of the city's housing units.<sup>16</sup> As the ability of families to purchase a home becomes increasingly elusive, LA's renter proportion is likely to continue to grow. Moreover, most renters are rent-burdened, defined as spending more than 30% of household income on housing costs. Among LA County renters, people of color are more likely to experience housing cost burden than their white counterparts. Almost two-thirds (64%) of Black renters are rent burdened, followed by renters of some other race (62%), multiracial renters (60%), Latinx renters (57%), White renters (54%), Asian renters (52%), other Pacific Islander renters (43%), and Native American renters (41%).<sup>17</sup> In 2019, the City of LA had a higher percentage of cost-burdened renter households (59.2%) than any other major American city.<sup>18</sup>

13. According to the U.S. Department of Housing and Urban Development (HUD), in 2021, Los Angeles County's Area Median Income (AMI) for a four-person household was \$80,000 (varies based on household size). In 2021, the income limits for a household of four were: extremely low income at \$35,450 (30% AMI); very low income at \$59,100 (50% AMI); low income at \$94,600 (80% AMI); and moderate income at \$96,000 (120% AMI)

14. U.S. Census, American Community Survey, Earnings in the Past 12 Months (in 2022 Inflation-Adjusted Dollars), <https://data.census.gov/table/ACSST1Y2022.S2001?q=median%20earnings%20los%20angeles%20city>

15. Analysis of assessed valuation and parcels by land use in the City of Los Angeles, accessed through Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds Series 2014-A, <https://emma.msrb.org/EP828897-EP641647-EP1043315.pdf>, and Series 2023-A, <https://emma.msrb.org/P11706490-P11311900-P11743720.pdf>.

16. U.S. Census, American Community Survey, Tenure, 2022 1-yr estimate <https://data.census.gov/table/ACSST1Y2022.B25003?q=B25003&g=160XX00US0644000>

17. California Housing Partnership, "2023 Los Angeles County Annual Affordable Housing Outcomes Report," [https://chpc.net/wp-content/uploads/2024/03/2023-LA-County-AH-Outcomes-Report\\_.pdf](https://chpc.net/wp-content/uploads/2024/03/2023-LA-County-AH-Outcomes-Report_.pdf)

18. Los Angeles Housing Element, 2021-2029, <https://planning.lacity.gov/plans-policies/housing-element>

Housing cost burden is a factor of the growing chasm between incomes and rents. According to California Housing Partnership's 2023 Affordable Housing Needs Report, renters in LA County need to earn \$47.15 per hour—2.9 times the City of LA's minimum wage—to afford the average monthly asking rent of \$2,452.<sup>19</sup>

Large corporate landlords increasingly dominate LA's rental housing industry. Corporations, trusts, and individuals larger than "mom and pops" (five units or more), made up just 11% of all residential real estate owners in 2019, yet controlled 64% of all rental units within the city limits. Among buildings with between 5 and 49 units, the share of corporate ownership was 87.2%, and among buildings with 50 units or more, the share was 97.6%.<sup>20</sup> These corporate landlords reap the biggest benefits of the city's housing shortage and rapid increase in the value of existing rental housing, and because landlords can raise rents after tenants vacate units, they have perverse financial incentives to mismanage buildings and violate tenants' rights. This has contributed to an increase of both legal and illegal schemes to evict tenants or pressure tenants to leave. One such scheme is often called "cash for keys," in which landlords offer cash payments to tenants to leave their apartments.<sup>21</sup> Often such offers are made in the context of duress, reduction of services, or other forms of harassment. (The LA City Council established a Tenant Anti-Harassment Ordinance in 2021. However, the City Attorney has yet to bring a single landlord to trial for tenant harassment).



Thus, well before the COVID-19 pandemic, the people of Los Angeles confronted a real estate market with fundamental, structural problems contributing to a deterioration in the quality of living for those

who do not own their homes. The tremendous appreciation in real estate values has channeled housing developers toward serving the high-income rental market. Corporate landlords have taken advantage of vulnerable tenants and weak enforcement of tenant protection laws. It should be little surprise, then, that these nefarious practices accelerated during the pandemic.

During the pandemic, many LA renters lost their jobs or had to get by working fewer hours, and thus faced growing debt. Landlords prepared to evict tenants at record levels. Many of these evictions were illegal, due in part to the eviction moratorium, but many tenants did not know their rights and thus were displaced from their homes. From August 2021 to October 2022, according to the Office of the City Controller, tenant complaints against landlords to LAHD rose 25% above their 2018 level. After the City lifted its COVID emergency declaration in February 2023, evictions in Los Angeles continued the uptrend seen since emergency tenant protections started being scaled back in 2022. In 2023, landlords filed a total of 47,625 eviction cases in LA County Courts, an average of nearly 4,000 evictions per month.

19. California Housing Partnership, "Los Angeles County 2023 Affordable Housing Needs Report," [https://chpc.net/wp-content/uploads/2023/05/Los-Angeles-County\\_Housing-Report\\_2023.pdf](https://chpc.net/wp-content/uploads/2023/05/Los-Angeles-County_Housing-Report_2023.pdf)

20. Strategic Actions for a Just Economy, "The Just Recovery Series: Beyond Wall Street Landlords: How Private Equity in the Rental Market Makes Housing Unaffordable, Unstable, and Unhealthy," March 2021, [https://www.saje.net/wp-content/uploads/2021/03/Final\\_A-Just-Recovery-Series\\_Beyond\\_Wall\\_Street.pdf](https://www.saje.net/wp-content/uploads/2021/03/Final_A-Just-Recovery-Series_Beyond_Wall_Street.pdf)

21. LA City Controller Kenneth Mejia released data in January 2024 showing that from 2019 to 2023, nearly 5,000 "cash for keys" agreements were filed with the City, although tenant advocates believe the actual number is much higher since many agreements happen informally and are not reported to the City. See Paloma Esquivel, "Would you take cash to leave a rent-controlled apartment? Data show it happens often in L.A.," *Los Angeles Times*, January 16, 2024, <https://www.latimes.com/california/story/2024-01-16/rent-control-cash-for-keys-los-angeles>

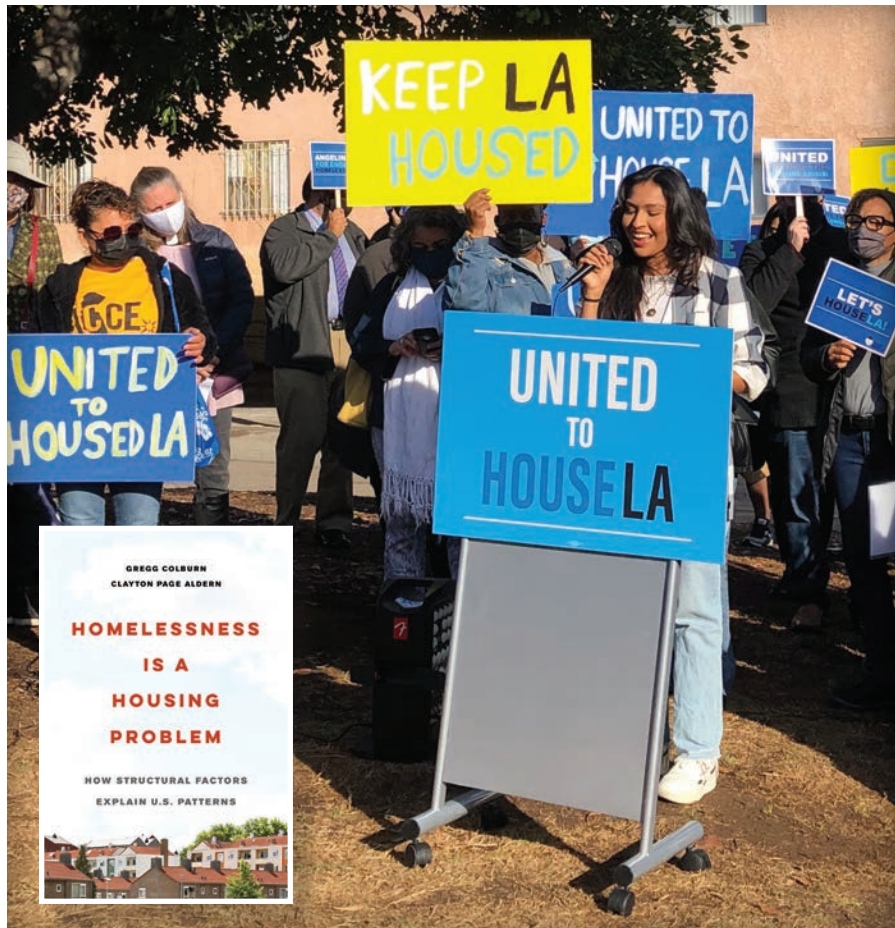
## Homelessness Driven by the Housing Crisis

The most serious consequence of high housing costs is homelessness. According to the 2023 Greater Los Angeles Homeless Count, there are 75,518 people experiencing homelessness in LA County, of which 46,260 are in the City of LA, representing a 10% increase over the prior year and a 48% increase since 2018. More than 70% of people experiencing homelessness in the City and the County are unsheltered, living outdoors (including tents and encampments) or in a vehicle. Systemic racism continues to impact homelessness as Black/African Americans comprise a disproportionate portion of the homeless population, accounting for 31.7% of the homeless population but only 7.6% of LA County's overall population.<sup>22</sup>

Due to the crisis of affordability and vulnerability of renting described above, the increasing numbers of people who become homeless has become worse than ever. Although the City and County are placing more individuals into housing than ever before, people are losing their homes at such an alarming rate that the overall homeless population continues to grow.

It is important to emphasize that the homelessness crisis in Los Angeles and across the United States is primarily a housing problem, not one of mental illness, drug addiction, or alcoholism. The primary determinant of the rate of homelessness in a city or metro area is the cost of housing, particularly rent levels. In their 2022 book, *Homelessness is a Housing Problem*, Professor Gregg Colburn and data scientist Clayton Aldern investigated the multiple factors that are associated with higher or lower levels of homelessness in different parts of the country. They found that rent levels and rental vacancy rates were by far the biggest factor in explaining differences in homelessness rates in different metropolitan areas, arguing that it is "easier to access housing in Detroit or St. Louis, where median rents are between \$600 and \$700 per month, than in San Francisco and Santa Clara County, where costs are three to four times higher."<sup>23</sup> Many other common explanations—drug use, mental illness, even poverty—fail to account for regional differences in homelessness rates.

The clear relationship between high rents and homelessness discredits the idea that losing one's home is a result of individual choices. Rather, the data shows that without serious interventions in expensive housing markets, high rates of homelessness become virtually inevitable. It is similar to the game of musical chairs: if there are 10 people but only nine chairs, someone will always be without a chair.



22. Los Angeles Homeless Services Authority, "2023 Greater Los Angeles Homeless Count Deck," <https://www.lahsa.org/documents?id=7232-2023-greater-los-angeles-homeless-count-deck>

23. Greg Colburn and Clayton Page Aldern, *Homelessness Is a Housing Problem: How Structural Factors Explain U.S. Patterns*, Berkeley: University of California Press, 2022, 130.

## The Need for an Ongoing Source of Revenue

**RESPONDING TO THESE DEEP**, structural challenges—rooted in causes both local and global—is a gargantuan task. Measure ULA represents a critical contribution to reorient the city's development and regulatory trends to create, protect, and preserve more affordable housing. It establishes a permanent funding source for building affordable housing, while impacting a very small percentage of properties sold in any year.

Los Angeles' severe housing crisis did not unfold overnight. It took decades to bring the city to its current predicament: the failure to build sufficient new housing to keep pace with population growth, a priority given to luxury housing over housing affordable to working families, massive inflows of global capital that have accelerated gentrification, decades of deferred maintenance on older housing stock that led to an epidemic of "slum" housing with serious code violations that endanger public health and safety, and a stark shortage of government subsidies to help fill the gap between family incomes and rents—all of which have led to sky high rents and home prices as well as the growing number of unhoused people.

So it is unrealistic to think that this housing crisis can be solved quickly. That is why the architects of Measure ULA crafted it to be an ongoing revenue stream and an ongoing part of the City's policy agenda, so that the City can build more affordable housing, provide relief to renters at risk of eviction,

and offer legal assistance to tenants threatened with displacement through no fault of their own.

Those who crafted Measure ULA viewed it as a way to make steady progress over many years. The mechanism—an increase in the City's real estate transfer tax—was designed to tax those who could most afford it, including those who have benefited the most from LA's hot real estate market over the past few decades. That is why Measure ULA set the threshold at sales of properties over \$5 million, which accounted for roughly 4% of all real estate sales (and only 3% of single-family homes and condos) in fiscal year 2021-2022, according to LA County Assessor data. Based on that analysis, Measure ULA's proponents estimated that it could raise hundreds of millions of dollars annually, depending on the strength of the local real estate market for single-family homes and condominiums, multi-family apartment buildings, and commercial properties, including office buildings. Measure ULA will capture a small fraction of the immense amount of new wealth created by the area's booming real estate market and put it to productive use.

Over the past decade, the value of all taxable real estate within the city has increased an average of \$37 billion per year.<sup>24</sup> Very little of this new real estate wealth has contributed to solving the city's fundamental shortage of affordable housing, and indeed bidding up the cost of land citywide has worsened the affordability crisis. The value captured by Measure ULA will partly offset the social costs of these capital gains by allowing developers to produce housing at affordable prices and to maintain that housing stock as affordable over the long term through various covenants that limit price and rent increases. The vast majority of LA residents will benefit from Measure ULA because it will not only help relieve the city's housing crisis but also improve its business climate.



24. Analysis of assessed valuation and parcels by land use in the City of Los Angeles, accessed through Municipal Improvement Corporation of Los Angeles Lease Revenue Bonds Series 2014-A, <https://emma.msrb.org/EP828897-EP641647-EP1043315.pdf>, and Series 2023-A, <https://emma.msrb.org/P11706490-P11311900-P11743720.pdf>

# REAL ESTATE INDUSTRY OPPOSITION, OBSTRUCTION AND TAX AVOIDANCE

## REAL ESTATE INDUSTRY'S 5 STEPS TO AVOID PAYING TAXES



## Real Estate Industry-Sponsored Misinformation

**NO SOONER HAD THE** Measure ULA proponents announced their intention to place it on the citywide ballot for November 2022 than real estate and business groups claimed that it would destroy the city's real estate market and fail to provide the revenues that were anticipated.

Real estate and corporate interests spent nearly \$8 million to oppose Measure ULA in the November 2022 election.<sup>25</sup> Throughout the campaign for and against Measure ULA (during most of 2022), after the voters approved it with 58% of the vote, and after the measure was officially implemented in April 2023, its opponents kept up a drumbeat of criticism that ULA was a well-intentioned but seriously flawed idea. During the campaign, the real estate industry's propaganda described Measure ULA as "the largest property tax increase in L.A. history,"<sup>26</sup> a blatant misrepresentation since it is not a property tax, which is an annual assessment on all property that is used for general government functions. In fact, Measure ULA is a one-time tax on high-priced property sales, where revenues are collected in a special fund dedicated to address the city's housing and homelessness crisis.

Claiming the \$5 million bar was too low, luxury real estate agent Juliette Hohnen with Douglas Elliman Real Estate said, "Really what you're doing is you're just making it impossible for people to afford to own property in L.A."<sup>27</sup> Jason Oppenheim of Netflix's "Selling Sunset" fame warned, "It's going to push developers out of L.A."<sup>28</sup>

But the opponents did more than criticize and issue "sky is falling" warnings.

25. Opposition donations totaled nearly \$8 million to Campaign Committee [1450459], Angelenos for Affordability, No on Initiative Ordinance ULA, and Campaign Committee [1453847], Angelenos Against Higher Property Taxes-No on ULA and SP. See <https://ethics.lacity.org/ss/336764>

26. "Business Groups Falsely Claim L.A. Affordable Housing Measure Will Raise Property Taxes," *Capital and Main*, November 4, 2022, <https://capitalandmain.com/business-groups-falsely-claim-l-a-affordable-housing-measure-will-raise-property-taxes>

27. Kirsten Chuba, "L.A. Real Estate Agents, Housing Activists Battle over Measure ULA, the So-Called 'Mansion Tax,' ahead of Nov. 8 Vote," *The Hollywood Reporter*, October 25, 2022, <https://www.hollywoodreporter.com/news/politics-news/los-angeles-real-estate-housing-activists-measure-ula-1235247412>

28. Jack Flemming, "L.A.'s Rich Are Already Scheming Ways to Avoid New 'Mansion Tax,'" *Los Angeles Times*, December 15, 2022, <https://www.latimes.com/california/story/2022-12-15/l-a-s-new-mansion-tax-scheme>

## Rush to Sell

**AFTER VOTERS APPROVED** Measure ULA, the real estate industry, including lawyers and sales agents, urged owners of properties valued over \$5 million to sell them before the ULA tax began on April 1, 2023. Real estate agents resorted to all kinds of schemes to encourage these pre-ULA sales, such as offering free luxury cars to people who purchased \$5+ million properties.

For example, to the buyer of a \$16.5 million mansion (which included a 1,300 square foot underground car gallery) real estate agent Tatiana Derovanessian offered to give away a luxury car—an Aston Martin Vantage, Aston Martin DBX 707, McLaren GT or Bentley Bentayga EWB—if the buyer purchased the mansion at full price and closed escrow before April 1. “You get a house and a car,” she told the *Los Angeles Times*. “It’s a one-two punch.”

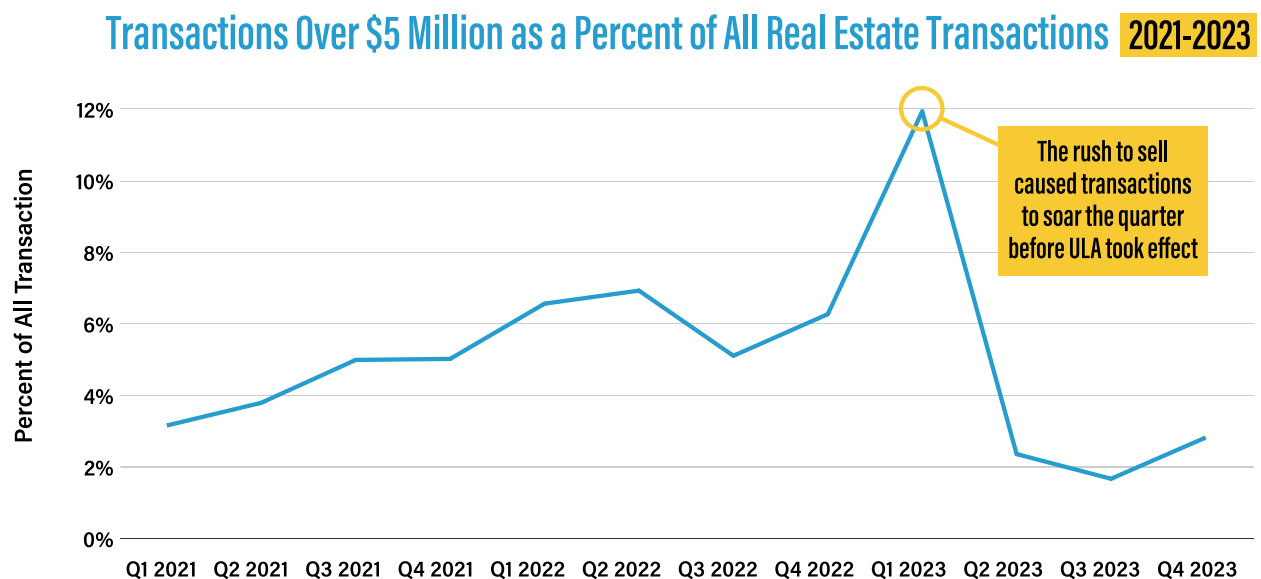
Celebrity plastic surgeon and “Botched” star Paul Nassif offered a \$1 million bonus to any agent who could sell his \$28 million Bel-Air mansion before April 1.

According to *The Hollywood Reporter*, sales of homes in Brentwood, Pacific Palisades and Hancock Park were “particularly active.” The paper reported, “Before the tax went into effect, Brad Pitt sold a compound for \$33 million, while Mark Wahlberg sold a mega-mansion for \$55 million. After April 1, taxes on those properties would have been about \$1.8 million and \$3 million, respectively.”<sup>29</sup>

As a result, LA saw a significant spike in sales of such properties just before Measure ULA went into effect, the first quarter of 2023. As shown in Figure A, throughout 2021 and 2022, real estate transactions over \$5 million accounted for 3-7% of all transactions. However, in the first quarter of 2023, transactions over \$5 million doubled to 12% of all transactions.

### FIGURE A

Source: Los Angeles County Assessor’s data accessed through PropertyRadar



29. Hadley Meares, “The Mansion Tax Effect: Luxury Home Sales Stall in Los Angeles,” *The Hollywood Reporter*, July 15, 2023, <https://www.hollywoodreporter.com/lifestyle/real-estate/mansion-tax-luxury-home-sales-los-angeles-1235535477>

This data clearly shows an unprecedented sell-off of high-priced properties timed to avoid the tax during the three months before the law went into effect on April 1, 2023. As a result, the sellers of these properties avoided paying nearly \$270 million in ULA taxes, based on estimates using sales data from the first quarter of 2023.<sup>30</sup> This is lost revenue that would have otherwise gone into ULA's affordable housing and homelessness prevention programs.

After the sell-off, sales of high-priced properties took a steep drop after ULA's implementation date, April 1, 2023. Many properties sold before April 1 would otherwise have sold after the ULA tax was in effect. Not surprisingly, this resulted in a sharp fall-off of sales of properties over \$5 million in April and May of that year. Those two months, in fact, yielded the lowest monthly revenues from the ULA tax: \$3.6 million in April 2023 and \$11.9 million in May 2023.

The spike and subsequent slide of sales of high-priced real estate occurred within the macroeconomic context of real estate sales declines both nationally and locally, due in large part to the Federal Reserve's interest rate hikes.<sup>31</sup> This overall decline of real estate activity, especially in the more expensive commercial real estate market,<sup>32</sup> contributed to a decline in anticipated ULA revenue.

## Tax Avoidance Tactics

**AFTER APRIL 1, 2023** when Measure ULA went into effect, the real estate industry continued to try to get around the new law. Many sellers priced their properties at \$4.99 million, just below the tax threshold, in order to avoid paying the tax. When comparing the first 10 months of ULA's implementation (April 2023–January 2024) to the same 10-month period the prior year, the number of properties that sold for more than \$4.9 million and less than \$5 million—priced just under the ULA threshold—more than doubled (from 46 transactions to 93), despite an overall slowdown of sales in every other price category. Sales just above \$5 million pay about a \$200,000 tax, which means an estimated \$9.4 million of tax revenue did not find its way into ULA programs due to this tax avoidance strategy.

Moreover, "wealth protector" consultants<sup>33</sup> advised their ultra-rich clients to avoid the tax using a variety of tactics and questionable legal tricks, such as subdividing property and selling each piece separately, or selling off furniture or personal property at inflated prices in order to compensate for dropping the real estate sale price.<sup>34 35</sup>

## Lawsuits by Anti-Tax Groups and Real Estate Interests

**IN ADDITION, ULA** opponents sued to try to repeal the new law. On December 21, 2022, the Howard Jarvis Taxpayers Association (HJTA) and the Apartment Association of Greater Los Angeles (AAGLA) filed a "reverse validation" action in the Los Angeles Superior Court claiming that Measure ULA violated Proposition 13 and the Los Angeles City Charter.<sup>36</sup> On January 6, 2023, Newcastle Courtyards, LLC (Newcastle) filed a separate complaint to invalidate Measure ULA with the same court.<sup>37</sup> These two lawsuits were later consolidated. On October 24, 2023, the Superior Court dismissed the cases brought forward by HJTA, AAGLA and Newcastle, finding that both complaints failed as a

30. This analysis of lost revenue includes properties that were potentially exempt from the ULA tax

31. Joseph Pimentel, "California home sales down to Great Recession level," Spectrum News 1, December 20, 2023, <https://spectrumnews1.com/ca/la-west/housing/2023/12/20/california-home-sales-down-to-great-recession-level>

32. Commercial Edge, "National Office Report January 2024," <https://www.commercialede.com/blog/national-office-report-2024-january>

33. Chuck Collins, *The Wealth Hoarders: How Billionaires Pay Millions to Hide Trillions*, Medford, MA: Polity Press, 2021

34. Geoffrey M. Gold, "Nine Ideas to Avoid the Effect of Measure ULA - The New Mansion Tax," Ervin Cohen & Jessup LLP, April 13, 2023, <https://www.ecjlaw.com/ecj-blog/nine-ways-to-avoid-the-effect-of-measure-ula-the-new-mansion-tax>

35. Fleming, "LA's Rich"

36. HJTA and AAGLA complaint available at [https://publiccounsel.org/wp-content/uploads/2023/10/Complaint\\_-\\_Measure\\_ULA\\_-\\_HJTA\\_and\\_AAGLA\\_\\_12\\_22\\_22\\_.pdf](https://publiccounsel.org/wp-content/uploads/2023/10/Complaint_-_Measure_ULA_-_HJTA_and_AAGLA__12_22_22_.pdf)

37. Newcastle complaint available at [https://publiccounsel.org/wp-content/uploads/2023/10/2023-01-06\\_Newcastle-Plaintiffs\\_Complaint.pdf](https://publiccounsel.org/wp-content/uploads/2023/10/2023-01-06_Newcastle-Plaintiffs_Complaint.pdf)

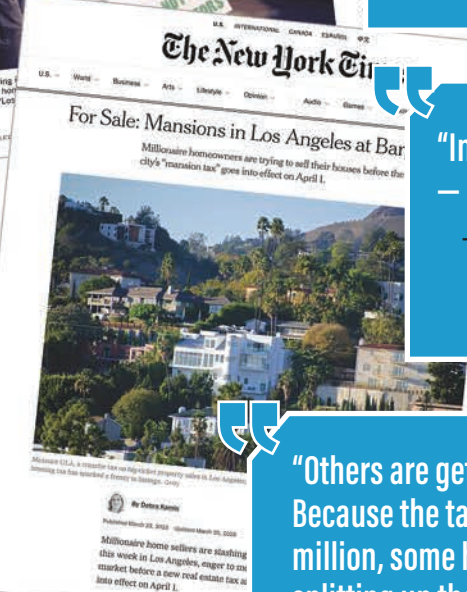


# Shady Tactics

“Rich people are very clever. They know how to manage cash, and they have time to look for loopholes.”  
 - Bret Parsons, Compass real estate agent, Los Angeles Times, 12/15/2022



“\$5 million isn't a mansion in Los Angeles, just like it isn't a mansion in New York City. It's a 4,000-square-foot modern house in West Hollywood.”  
 - Josh Altman, luxury real estate agent with Douglas Elliman and a regular presence on Bravo's 'Million Dollar Listing' - The New York Times, 3/23/2023



“In Los Angeles, over \$5 million – it's rich but in Los Angeles it's not.”  
 - Juliette Hohnen, luxury real estate agent with Douglas Elliman, claiming that the \$5 million bar is too low (The Hollywood Reporter, 10/25/2022)



“Others are getting a bit more creative. Because the tax affects only sales above \$5 million, some homeowners are looking into splitting up their properties into smaller parcels with different ownership entities so they can avoid the tax altogether.”  
 - Los Angeles Times, 3/27/2023



“On Instagram, two high-end realtors touted a \$1m bonus to any agent who helped sell a \$28m Bel Air mansion by 1 April. Another 260-acre Bel Air property which went up for auction this month (starting price \$39m) offered buyers a \$2m credit if they were able to close the deal by 31 March.”  
 - The Guardian, 3/31/2023



matter of law and rejecting each of the challengers' eighteen causes of action.<sup>38</sup> Both plaintiffs have appealed this decision.

Newcastle also filed a lawsuit challenging Measure ULA in federal court January 6, 2023.<sup>39</sup> On September 5, 2023, the district court issued an order dismissing the lawsuit on the grounds that the court lacked jurisdiction to hear the case. Newcastle has also appealed this decision.

The real estate industry used the lawsuits as an effort to overturn the will of the voters and discourage individuals and companies from selling properties valued over \$5 million, which accounted for a significant decline in such sales after the April 1, 2023 ULA effective date. Real estate agents and lawyers told clients that the lawsuits would succeed, and property owners wouldn't have to pay the ULA tax. They sponsored investment seminars and published articles specifically targeted to avoiding the ULA tax.<sup>40</sup> This sent a chilling message to buyers and sellers to hold off transactions until the lawsuits were resolved. A slowing effect on high-priced real estate sales remains and may continue to impact ULA revenues and hinder progress in meeting LA's affordable housing needs. Despite the decisive rulings in favor of ULA in both the State and Federal courts, uncertainty remains in the ULA implementation process as the legal appeals drag on.

The lawsuits have significantly delayed and limited the city's issuance of funding<sup>41</sup> for tenant protection and affordable housing production. These delays mean fewer resources are immediately available to support tenants at risk of eviction, and fewer affordable homes will be produced as part of initial expenditure plans.



## Ballot Repeal Strategy by Corporate Interests

**OPPONENTS OF ULA** further tried to create fear and doubt by introducing a statewide ballot initiative that would repeal the new law and devastate the ability of state and local governments to pass and implement taxes necessary to support public infrastructure and services. Led by the California Business Roundtable (CBRT), the "Taxpayer Protection and Government Accountability Act" has been qualified for the November 2024 ballot, but faces a major legal challenge of its own. The California State Legislature and Governor Gavin Newsom petitioned the California Supreme Court to prohibit the measure from appearing on the November 2024 ballot on the grounds that the measure attempted an impermissible revision to the California Constitution and would impair essential government functions.<sup>42</sup> The Court is considering the petition and will issue a ruling before June 27, 2024. The CBRT-sponsored measure also faces massive opposition organized by a statewide coalition of local governments, unions, service agencies, and community organizations.

38. Decision by Hon. Barbara M. Sheper available at <https://publiccounsel.org/wp-content/uploads/2023/10/1967295049.pdf> (dismissing the consolidated cases without leave to amend).

39. Case number 2:23-cv-00104-JAK-AS, United States District Court, Central District of California.

40. Gold, "Nine Ideas." Also see WIRE Associates, Christian Walsh, "AVOID the LA City Mansion Tax (Measure ULA) - Guide for Los Angeles Property Owners" video available at <https://www.youtube.com/watch?v=B7hjZQ5sfho>

41. "Report from the Los Angeles Housing Department with Proposed Revisions and Implementation Recommendations for the Fiscal Year 2023-24 ULA Interim Program Guidelines and Expenditure Plan," October 13, 2023, [https://clrep.lacity.org/online/docs/2023/23-0038\\_rpt\\_lahd\\_10-13-2023.pdf](https://clrep.lacity.org/online/docs/2023/23-0038_rpt_lahd_10-13-2023.pdf)

42. Case S281977.

# MEASURE ULA'S FIRST YEAR IMPACT

**MEASURE ULA** has only been in effect for one year, and its opponents have been doing their best to undermine its implementation, but it has already made important and visible contributions to preserving and adding affordable housing and keeping low-income renters in their homes. Here we provide an initial assessment of Measure ULA's accomplishments in its first 10 months, as well as whether its opponents' criticisms were on-target. We also review a few programs that have begun implementation in these early phases of ULA.

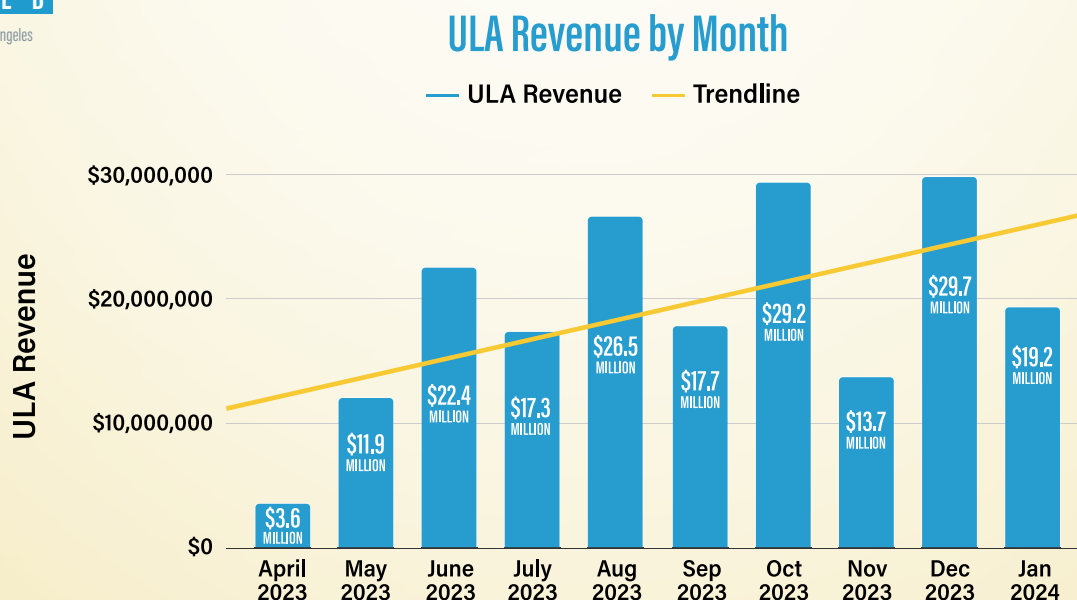
## ULA Revenue

**THE COUNTY BEGAN** collecting the Measure ULA-mandated tax on April 1, 2023, and the City committed \$150 million towards its implementation in its Fiscal Year 2023-2024 budget. Despite revenue coming in well above this level, the \$150 million "cap" was a political decision made by the Mayor and City leadership based on concern that legal challenges could force a clawback of funds raised, should the lawsuits prevail. (The lawsuits have not prevailed; instead they have been dismissed comprehensively by both State and Federal courts, but remain stuck in the appeals process).

**Over the 10-month period from April 1, 2023 through January 31, 2024, Measure ULA raised \$192 million, an unprecedented amount of revenue. To put this in context, the first 10 months of ULA revenue is more than 2.6 times the amount of direct federal funding the City receives annually for affordable housing.<sup>43</sup>** Even before the one-year mark, Measure ULA's revenue has exceeded Proposition HHH's average annual revenue (\$120 million) as well as the total revenue generated from Linkage Fees over the past five years combined (\$121 million total from 2019 through 2023). For the fiscal year July 2023 through June 2024, LA City Controller Kenneth Mejia estimates ULA revenue at \$270 million.<sup>44</sup>

### FIGURE B

Source: City of Los Angeles  
Office of Finance



43. Based on the LA City Administrative Officer's report on the 49th Program Year (2023-2024) Housing and Community Development Consolidated Plan Budget, which reported \$73.6 million for Housing & Related Programs.

44. Los Angeles City Controller, Revenue Forecast 2024-2025 Web Summary, <https://controller.lacity.gov/reports/revenueforecast25>

In spite of dire predictions to the contrary, real estate transactions have continued, and ULA programs have begun—all in the face of tremendous efforts and millions of dollars spent by the real estate industry to try to stop the implementation of these essential housing programs. In fact, ULA monthly revenue has been on a clear upward trajectory in its first year, as shown in Figure B. **The revenue generated in December 2023 was more than eight times the revenue generated in ULA’s first month.**

## ULA Expenditure Plan

**ADVANCED BY MAYOR** Karen Bass and approved by the ULA Citizen Oversight Committee and the City Council, the ULA expenditure plan allocated initial funds to programs established by the measure to build new affordable homes, protect tenants from displacement and prevent vulnerable Angelenos from becoming unhoused. The first-year spending plan includes:

- \$56 million for new affordable housing construction
- \$30 million for rental assistance to keep vulnerable tenants housed
- \$23 million for eviction prevention and defense services for low-income tenants
- \$11 million of income support to at-risk seniors and people living with disabilities
- \$11 million to protect tenants from harassment by landlords through the enforcement of the City’s Tenant Anti-Harassment Ordinance (TAHO)
- \$5 million for outreach and education to ensure tenants understand their rights and how to protect themselves from displacement
- \$300,000 to build capacity for groups to implement alternative models to produce and/or acquire affordable housing

See Table 1 for budget details.

**TABLE 1**  
Source: Los Angeles  
Housing Department

### ULA Expenditure Plan

Expenditure Categories	ULA Allocation %	ULA Expenditure Plan FY 2023-2024
Administration	8%	\$12,000,000
<b>Homelessness Prevention Programs</b>	<b>30% of Programmatic Budget</b>	<b>\$81,139,694</b>
Short-Term Emergency Assistance	5%	\$30,400,000
Income Support for Rent-Burdened At-Risk Seniors and Persons w/ Disabilities	10%	\$11,000,000
Eviction Defense/Prevention	10%	\$23,000,000
Tenant Outreach & Education	2%	\$5,520,000
Protections from Tenant Harassment	3%	\$11,219,694
<b>Affordable Housing Programs</b>	<b>70% of Programmatic Budget</b>	<b>\$56,860,306</b>
Multifamily Affordable Housing	22.5%	\$56,860,306
Alternative Models for Permanent Affordable Housing	22.5%	\$0
Acquisition and Rehabilitation of Affordable Housing	10%	\$0
Homeownership Opportunities, Capacity-Building and Operating Assistance	10%	\$0
Program Stabilization Fund	5%	\$0
		<b>\$150,000,000</b>

## ULA Rental Assistance Is Keeping Angelenos Housed

**THE DEVASTATING HEALTH** and economic impacts caused by the COVID-19 crisis since 2020 have worsened longstanding inequities facing low-income tenants in Los Angeles. Tens of thousands of tenants have faced the burden of mounting unpaid rent debt due to disruptions in their income. Since many low-income households are “one paycheck away” from becoming unhoused, losing multiple paychecks has meant thousands more households have fallen into homelessness, while more still are at extremely



high risk of losing their housing. For some households, rental assistance can make the difference between keeping their homes and becoming unhoused.

Measure ULA allocates at least 5% of its program funding to rental assistance to keep tenants housed who are at risk of losing their home due to economic shocks. The first ULA program to begin implementation was the Short-Term Emergency Assistance program, otherwise known as the ULA Emergency Rental Assistance Program (ULA ERAP). The program was allocated \$30 million as part of the first year’s expenditure plan. Of this allocation, \$12 million was prioritized for low-income, at-risk seniors and persons living with disabilities.

After the application portal opened for several weeks September-October 2023, over 31,000 applications were submitted claiming over \$425 million in back rent—underscoring the fact

that ULA is a critically needed first step but not a full solution to LA’s affordable housing crisis. According to the LA Housing Department, as of March 11, 2024, ULA ERAP has approved 4,652 tenant households, an estimated 11,000 Angelenos, for a total of \$24 million in emergency rental assistance, stabilizing families and likely preventing thousands of evictions. Disaggregated by race, 31% of the rental assistance payments thus far have gone to Black households, 30% to Hispanic households, 21% to White households, 12% to households who identify as other race, and 6% to Asian households.

## ULA Funds are Set to Expedite Affordable Housing Development

**ON MARCH 11, 2024**, the LA Housing Department (LAHD) submitted a report to the Mayor and City Council proposing to direct \$54.7 million of ULA revenue to the ULA Accelerator Plus Program with the purpose of expediting the development of affordable housing.<sup>45</sup> In November 2023, LAHD issued a Notice of Funding Availability (NOFA) for a total of \$56.8 million to provide supplemental loans not to exceed \$15 million per project to close financing gaps for affordable housing projects that fall into one of two categories:

- **Category A:** Projects that need Accelerator Plus as a sole source of supplemental funds to start or complete construction. Category A projects have already secured all expected funding sources, including Low Income Housing Tax Credit (LIHTC) financing, but due to cost or scope changes, need additional funds to begin or complete construction.
- **Category B:** Projects that need Accelerator Plus as a sole source of supplemental funds to apply for Low Income Housing Tax Credit (LIHTC) financing. Category B projects have funding commitments from the City, and some have at least one County or State housing program award, but all of them need just one additional source of supplemental funds to be ready to apply for an allocation of LIHTC financing to complete their funding stack and begin construction.

45. Los Angeles Housing Department, “Council Transmittal,” March 11, 2024, [https://clkrep.lacity.org/onlinedocs/2023/23-0038-s4\\_rpt\\_hci\\_3-11-24.pdf](https://clkrep.lacity.org/onlinedocs/2023/23-0038-s4_rpt_hci_3-11-24.pdf)

LAHD received 19 applications requesting approximately \$104.4 million, and after reviewing all applications, recommended funding nine projects for a total of \$54.7 million (Table 2). If approved by City Council, these nine affordable housing projects will expedite a total of 795 affordable housing units, including 331 supportive housing units for people experiencing homelessness. The first four projects in Table 2 are Category A projects already under construction.

It is important to note that even though ULA funds are being proposed to finance only a part of these projects' total construction costs, ULA dollars have great leveraging power: for every \$1 of ULA funding, the City is able to leverage \$9 of local, state, federal, and private funding for a total leveraged amount of \$514.8 million. Even in the face of national macroeconomic challenges that are curbing real estate activity in LA and across the U.S., Measure ULA is poised to catalyze more affordable housing production. The 187-unit Santa Monica Vermont Apartments project—adjacent to the Metro Rail station—is a great example. This project was at risk of stalling despite having already started construction because its construction interest rate increased from 2.7% in March 2022 to over 7.5%, which cost the project millions of dollars and jeopardized its completion. Now \$2.5 million of ULA funds are set to save this project.



The 105-unit Alveare Family project, located on state-owned land, saw its costs increase by 20% due to higher interest rates, loan origination fees, and construction costs. The proposed infusion of \$10.6 million in ULA funding will save this project and allow it to be more competitive for state funding.

Measure ULA revenue is a powerful accelerator for affordable housing development, providing much-needed financing to allow developers to move forward on construction or leverage additional sources of funding.

**TABLE 2**

Source: Los Angeles Housing Department, Council Transmittal, March 11, 2024

## ULA Accelerator Plus Program Funding (Proposed)

AFFORDABLE HOUSING PROJECT	COUNCIL DISTRICT	TOTAL # OF UNITS	ULA FUNDS
Rousseau Residences	13	52	\$424,391
Montesquieu Manor	13	53	\$608,997
Santa Monica Vermont Apartments	13	187	\$2,526,000
Voltaire Villas	13	72	\$1,000,000
Alveare Family	8	105	\$10,559,557
Peak Plaza (aka 306 E Washington)	9	104	\$10,080,000
The Main	6	64	\$7,812,000
Chavez Gardens	14	110	\$15,000,000
Grace Villas	1	48	\$6,720,000
<b>TOTAL</b>	<b>795</b>	<b>\$54,730,945</b>	

## Protecting Tenants From Eviction: Stay Housed LA

**STAY HOUSED LA** (SHLA) was established in 2020 to help tenants, like Jesse, who are vulnerable to or facing eviction across Los Angeles County. SHLA community-based organizations conduct outreach and offer virtual and in-person workshops to ensure tenants understand their rights, while SHLA legal service providers provide legal counsel and representation for tenants in eviction proceedings. Though more tenants request representation than SHLA can currently provide, SHLA offers proper assistance and resources for tenants they can't represent. SHLA also runs the Tenant Empowerment Program in several courthouses, which provides intensive training for tenants representing themselves.



In 2023, SHLA provided full legal representation to 1,262 LA tenants in their eviction cases and limited legal advice to 3,387 tenants.<sup>46</sup> Of the tenants who were fully represented, half were able to stay in their homes, while 40% were able to negotiate a “soft landing” to prevent homelessness, including waived rental debt, relocation expenses, and extra time to move out. Ten percent of tenants received additional assistance with enforcing specific tenant rights. Further, community-based organizations connected with over 400,000 tenants across LA County, including 160,000 in the City of LA, through calls, texts, and in-person outreach and held 400 workshops to educate tenants about their rights.

46. Across LA County, SHLA provided full legal representation to 2,306 tenants in their eviction cases and limited legal advice to 6,015 tenants in 2023.

## Jesse's Story

**WHEN LOW-INCOME** tenant Jesse received a notice to pay rent or quit from her landlord, she went to Stay Housed LA (SHLA), a countywide program that provides free legal services to eligible tenants facing eviction as well as tenant education workshops and legal clinics. Jesse had recently lost her job while on disability leave for diagnosed mental health issues and had been in and out of the hospital for over six months. As a result, she had not paid rent in several months and owed more than \$6,000 in rental debt. Though Jesse was a tenant extremely vulnerable to eviction, she was motivated to resume making payments and keep her home: she was appealing her job termination, requesting back pay, and actively interviewing for new jobs. She also applied for rental assistance through ULA.

Stay Housed LA took on Jesse's case and attempted to negotiate with her landlord to allow her to stay, but the landlord was initially uninterested. The stress and pressure of the case was weighing heavily on Jesse, and she seriously considered leaving her home to move in with family out of state. Finally, her perseverance began to pay off: she found a new job and her ULA rental assistance application was approved. With this approval, the SHLA advocate argued that Jesse could not be evicted for the outstanding rent that the ULA rental assistance would cover. As a result, her landlord agreed to accept payments toward her past and future rent and dropped her eviction case. Jesse now has a source of income to pay down the rest of her debt and continue paying rent into the foreseeable future.

Currently, there are far more tenants who need legal representation than Stay Housed LA can assist at its current size. Measure ULA provides a consistent funding source for SHLA to grow as it phases in a full Renter's Right to Counsel to provide tenants representation in eviction court. Rather than relying on multiple federal and city funding sources, SHLA will be funded entirely through Measure ULA. As the city moves towards codifying this Right to Counsel, Measure ULA ensures that Stay Housed LA has ongoing funding to continue the work of keeping tenants in their homes and preventing homelessness.

## Career Paths and Job Creation by Measure ULA

**THE PROGRAMS FUNDED** by ULA promise to grow the number of good-paying jobs available to Angelenos. Already, early investments in affordable housing are starting to show progress in this area. All affordable housing production of buildings with 40 units or more that receive ULA funding are built under a Project Labor Agreement (PLA) that guarantees union labor standards on the job. ULA's first affordable housing effort—called "Accelerator Plus" and part of the Multifamily Affordable Housing program outlined in the measure—proposes to fund the construction of 795 units of affordable housing at nine sites across the city.

Several of these proposed projects are already under construction, and Measure ULA will provide crucial funds to complete them and open them to new residents. According to estimates from the City of Los Angeles Bureau of Contract Administration, approximately 10,000 union construction jobs will be created on the affordable housing projects proposed to be funded

by this initial round of ULA Accelerator Plus. In years to come, the Multifamily Affordable Housing program will be joined by another production program called the Alternative Models of Permanent Affordable Housing. The total funding and number of construction jobs created will grow significantly.

Equally important, the PLA attached to ULA includes targeted hiring of local residents, veterans and individuals who have faced various barriers to employment. As seen in an earlier PLA attached to the City's affordable housing production with Proposition HHH bonds from 2018 to the present, these targets are being met, and lifelong, well-paid union construction careers are being offered to thousands of Angelenos.

In addition to the construction careers stimulated by ULA, the measure funds critical housing services that will be implemented both by public sector and non-profit sector positions. A successful housing system imagined and funded by ULA requires affordable housing developers, tenant outreach workers, eviction defense attorneys, affordable housing finance specialists, rental assistance administrators, trainers to build capacity of tenants to help oversee and govern their buildings, and counselors for low-income tenants and homeowners. Once the funding for ULA stabilizes, dozens of new career paths will have been established supporting hundreds of new jobs that serve the health, well-being, and care of the residents of Los Angeles.







## HOW HAS MEASURE ULA IMPACTED LA'S REAL ESTATE MARKET?

**AS WITH ANY CHANGE** in tax policy, there are one-time market responses of tax avoidance, in this case evidenced by the spike of real estate sales immediately prior to Measure ULA's implementation on April 1, 2023, and a drop immediately after. However, in the long run, sellers need to sell, and buyers need to buy. Monthly property sales over \$5 million have in fact trended upward after the initial spike and drop.

More importantly, the main forces shaping LA's real estate market—in terms of property sales and construction starts—are the same as those in other cities and metropolitan areas. The truth is that during 2023, real estate sales and new construction starts declined nationwide across all property types, primarily due to rising interest rates and increased construction costs, particularly building materials. These macroeconomic trends have impacted the decline of sales in single family homes and condos, apartment buildings, and commercial properties across the country.

## Nationwide Real Estate Activity Has Declined, Not Just in LA

The following data points are just a snapshot of the decline of real estate activity across the country

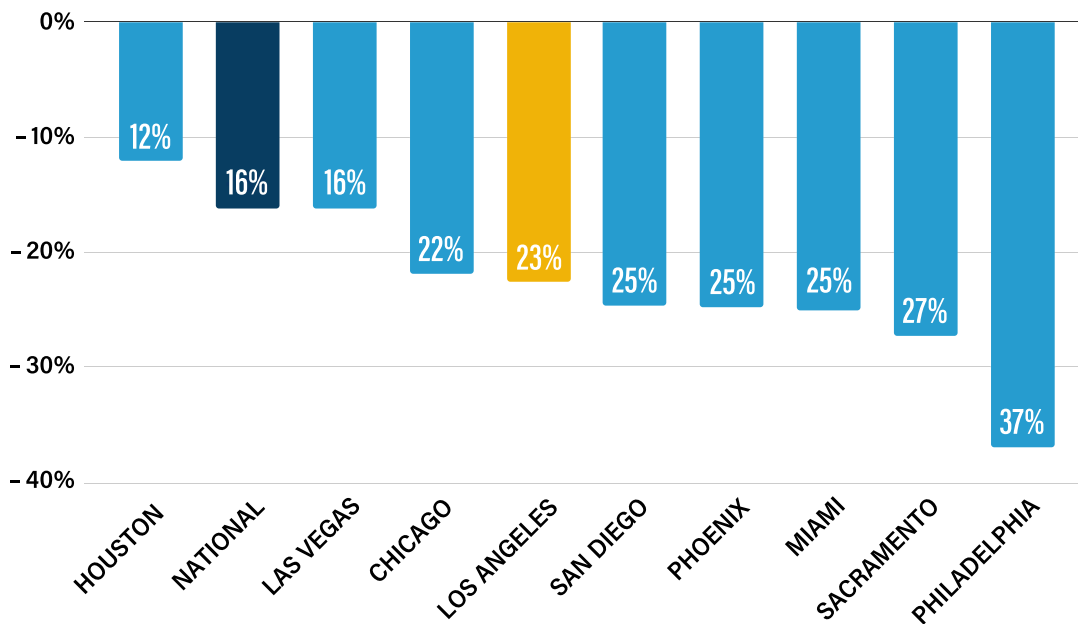
- Sales of all existing homes in the U.S. fell 18.7%, from 5,030,000 homes sold in 2022 to 4,090,000 sold in 2023. Within these total figures, sales of existing single-family homes dropped 18.3%, and sales of condos/co-ops dropped 21.6%.<sup>47</sup>
- Building permits for all types of new residential buildings in the U.S. fell 11.7%, from 1,665,100 permits in 2022 to 1,470,600 permits in 2023.<sup>48</sup>
- Construction starts of new residential buildings with two to four units in the U.S. fell 18.3% (from 16,400 units in 2022 to 13,400 units in 2023), and starts of residential buildings with five or more units fell 13.5% (from 531,000 units in 2022 to 459,300 units in 2023).<sup>49</sup>
- Sales volume of office buildings in the U.S. plummeted 60%, from \$83.6 billion in 2022 to \$33.8 billion in 2023.<sup>50</sup>
- The amount of office space under construction in the U.S. fell 23.2%, from 68.11 million square feet in the 4th quarter of 2022 to 52.28 million square feet in the 4th quarter of 2023.<sup>51</sup>

As shown in Figure C, the decline in real estate activity across the country occurred in medium and large metropolitan areas across the country, with LA's decline falling in the middle of the pack.<sup>52</sup>

### FIGURE C

Source: Assessors data accessed through PropertyRadar

## Percent Decline in All Real Estate Sales by City 2022-2023



47. National Association of Realtors, National Existing Home Sales, February 2024, <https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales>

48. U.S. Census Bureau, Building Permits Survey, accessed March 2024, <https://www.census.gov/construction/bps/current.html>.

49. U.S. Census Bureau and U.S. Department of Housing and Urban Development, Survey of Construction, accessed March 2024, <https://www.census.gov/construction/nrc/data/series.html>

50. Commercial Edge, "National Office Report January 2024," <https://www.commercialedge.com/blog/national-office-report-2024-january>

51. CBRE Research, Q4 2023, Office Space Under Construction. Email communication with CBRE researcher Jessica Morin, February 28, 2024.

52. National Association of Home Builders, Home Building Geography Index, March 5, 2024, <https://www.nahb.org/news-and-economics/housing-economics/indices/home-building-geography-index>

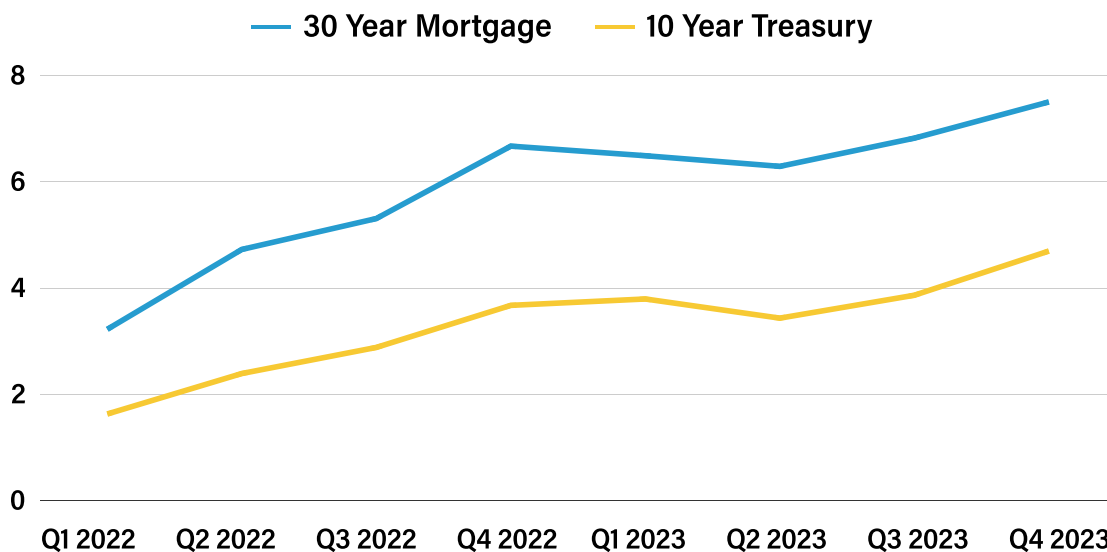
Real estate activity is subject to global supply chain problems, national inflation upticks, the Federal Reserve’s interest rate hikes, as well as the capital markets’ response to these challenges, so this decline does not come as a surprise. Urban Land Institute assessed in August 2023 that the U.S. market “is a tough market to find capital to fund acquisitions and development” and expected total commercial and multifamily mortgage borrowing and lending to drop 38% in 2023 compared to 2022.<sup>53</sup> Their November 2023 forecast added, “Real estate economists continue to expect a slowdown in the U.S. economy and real estate markets over the next year, consistent with their outlook six months ago... Real estate economists expect U.S. transaction volumes to fall significantly, potentially due to the steep rise in borrowing costs over the last year.”<sup>54</sup>

The 30-year fixed mortgage interest rate doubled from 3.22% the first week of January 2022 to 6.48% the first week of January 2023. This interest rate crested at 7.79% in October 2023.<sup>55</sup> Commercial real estate loans also saw a significant increase in interest rates.

**FIGURE D**

Source: Federal Reserve Economic Data (FRED), Federal Reserve Bank of St. Louis

## Interest Rates by Quarter 2022-2023



Los Angeles is not immune from these national trends. The fact that declining real estate activity is a national phenomenon suggests that the decline in LA is not attributable to Measure ULA which started in April 2023. Rather, broader economic factors—including the nationwide interest rate surges of 2022 and 2023 (prior to and during Measure ULA’s implementation), construction cost increases, and the tightening of credit and pullback of bank lending following Silicon Valley Bank’s demise and the downgrade of other banks—significantly dampened LA’s real estate sales and construction starts in 2023.

According to the Construction Cost Index published by *Engineering News-Record*, in Los Angeles, construction costs went up 15.2% between October 2022 and October 2023, rendering infeasible and/or delaying many projects that were going into construction.

53. Beth Mattson-Teig, “Capital Markets Update: Real Estate Industry Braces for More Credit Tightening Ahead,” *Urban Land*, August 14, 2023, <https://urbanland.uli.org/capital-markets/capital-markets-update-fittest-sponsors-still-closing-deals>

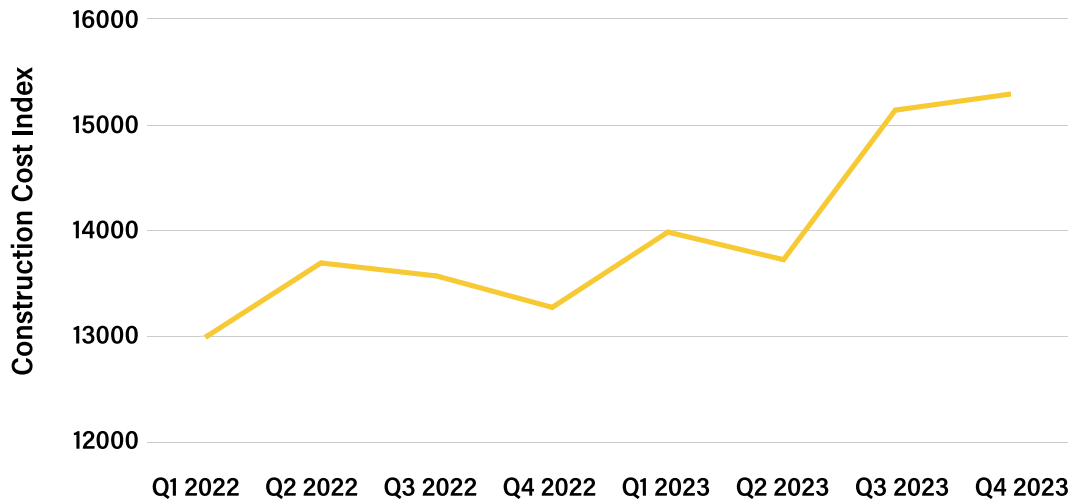
54. William Maher and Scot Bommarito, “ULI Forecast: U.S. Economic Slowdown Delayed While Higher Interest Rates Will Weigh On Recovery,” *Urban Land*, November 13, 2023, <https://archive.ph/NVSun>

55. Freddie Mac, 30-Year Fixed Rate Mortgage Average in the United States [MORTGAGE30US], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/MORTGAGE30US>, March 21, 2024

**FIGURE E**

Source: Construction Cost Index, Engineering News-Record

**Los Angeles Construction Cost Index by Quarter 2022-2023**



This significant rise in construction costs, combined with the larger macroeconomic trends, have slowed local construction activity considerably. Comparing LA's building permit activity from 2022 to 2023, permits for new residential construction have declined about 24% (Table 3).

Real estate analysts looking at LA have drawn similar conclusions to the Urban Land Institute studies just cited. A January 2024 analysis of the Los Angeles multi-family residential market noted, "Rising interest rates and inflation were the main causes of the tightening landscape."<sup>56</sup>

**TABLE 3**

Source: Los Angeles Department of Building and Safety, Building Permits Issued from 2020 to Present.

Permitted Housing Units	2022	2023	% Change
All Units	\$15,737	\$11,992	- 23.8%
Units in Multi-family Building Permits (2+ Units)	\$14,174	\$10,557	- 25.5%
Units in Multi-family Building Permits (50+ Units)	\$9,738	\$7,289	- 25.1%

**LA's Real Estate Sales Declined For All Sales Brackets, Regardless of Whether the ULA Tax Applied**

**IN LOS ANGELES**, the sales of all properties declined in 2023 and so far in 2024 at every price point, not simply those properties subject to Measure ULA. According to data from the Los Angeles County Assessor, accessed through PropertyRadar and adjusted for bundled sales, the number of all real estate sales (transactions) in Los Angeles during the 10-month period April 2023 through January 2024 (with ULA in effect) was 17,370 transactions. During the same period the previous year (April 2022 through

56. Greg Cornfield, "LA's Multifamily Market Slammed the Brakes in 2023," *Commercial Observer*, January 23, 2024, <https://commercialobserver.com/2024/01/la-multifamily-housing-rent-investment-sales-2023>

January 2023), the number of all transactions was 20,504. That’s an overall decline of 15% for all real estate transactions across the price spectrum. Total sales volume between these two periods fell 35%, from \$40.7 billion to \$26.4 billion. Of particular note, more than three-quarters of the decline in the number of transactions was due to properties that sold for less than \$5 million and were not subject to Measure ULA.

The real estate industry’s “rush to sell” led to a short-term decline in transactions over \$5 million. In March 2023, immediately before ULA’s implementation on April 1, the number of properties that sold for over \$5 million was *triple* the monthly average. This rush to sell, covered earlier in this report (see Figure A), reduced the inventory of high-price property, and transactions over \$5 million dropped immediately after ULA’s implementation date. As a result, during the 10-month period from April 2023 through January 2024, transactions over \$5 million declined compared to the same period the previous year. However, when looking at monthly comparisons between the two periods (April 2022 vs. April 2023, May 2022 vs. May 2023, etc.), the short-term nature of the decline in sales over \$5 million becomes evident.

Between April 2022 (the year before ULA’s implementation) and April 2023 (the start of ULA’s implementation), transactions over \$5 million dropped by 93%. Over time as the market recovered, the year-over-year comparisons of monthly transactions steadily improved, and by January 2024, 10 months into ULA’s implementation, the year-over-year decline was approximately cut in half to 48%. October 2023, just seven months into ULA’s implementation, saw the greatest rebound and lowest decline (44%) in transactions over \$5 million relative to the previous year. This decline is comparable to neighboring cities in LA County, where ULA does not apply, which had an average 39% decline in transactions over \$5 million (for example, Malibu had a 36% decline; Pasadena had a 41% decline).

Among the sales of single-family homes and condos between the same two 10-month periods, sales dropped across all price levels. As seen in Table 4, nearly all (89%) of the decrease in single-family and condo sales is attributable to homes that sold for \$5 million or less and therefore were not impacted by ULA. Only about 11% of the decline in single-family home and condo sales occurred among properties that sold for over \$5 million and are subject to the ULA tax. The vast majority (85%) of the decline in single-family home and condo sales occurred among those that sold for under \$3 million, far below the Measure ULA threshold.

When looking at the sales of commercial properties and apartment buildings with five or more units over the same two periods, buildings

over \$5 million saw steeper sales drops than buildings under \$5 million—due to the rush to sell to avoid the tax—but commercial and apartment buildings made up only a fraction of total transactions (together 7% in 2022 and 6% in 2023).

## LA’s Real Estate Market Is Recovering, Yielding a Positive Outlook for ULA’s Continued Impact

**THE DROP IN SALES** of properties over \$5 million in the months following ULA’s April 2023 implementation was small in number, but it had an outsized impact on revenue generation during the first 10 months of ULA. Going forward, high-price property sales may return closer to historical norms, and ULA revenues will likely increase as a result. Sellers eventually need to sell, and buyers eventually need to buy. Both will adjust valuations and factor in ULA as a part of the cost of doing business.

**TABLE 4**

Source: Analysis of Los Angeles County Assessor data accessed through PropertyRadar

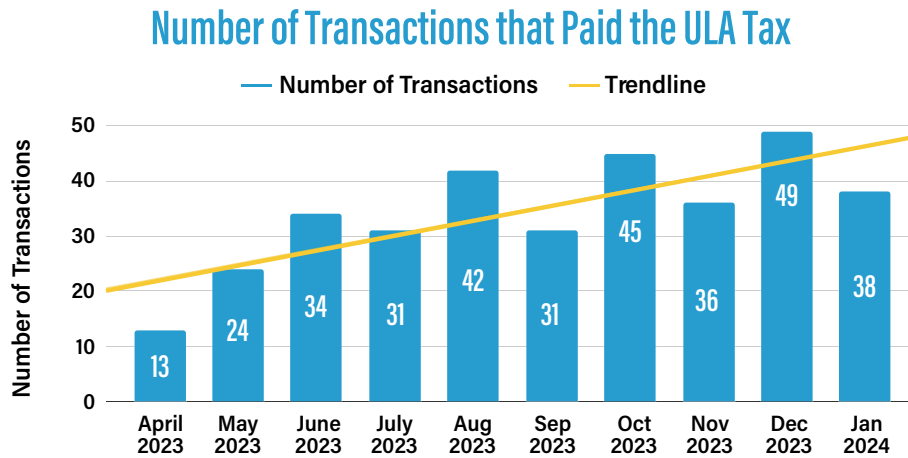
### Portion of the Decline in Single Family and Condo Sales

SALES PRICE	Decline
\$500K and under	5.8%
over \$500K – \$1M	33.9%
over \$1M – \$3M	44.9%
over \$3M – \$5M	4.9%
over \$5M – \$10M	7.8%
\$10M and over	2.7%

Decline based on change in sales between two periods, April 2022-January 2023 and April 2023-January 2024

Indeed, the number of real estate transactions over \$5 million that paid the ULA tax (Figure F), as well as the ULA revenue generated (Figure B above), have shown a steady upward trend. After a brief lull in revenue during the first two months of ULA implementation, monthly revenue has increased dramatically, from \$3.6 million in April 2023 to \$29.7 million in December 2023. This upward trend demonstrates that LA's real estate market is recovering even though it is still subject to the same negative macroeconomic forces across the country.

**FIGURE F**  
 Source: City of Los Angeles  
 Office of Finance



Sudden changes in real estate activity prior to regulatory changes are not unique to ULA. For example, in late 2017 the City of Los Angeles adopted the Affordable Housing Linkage Fee, which places a fee on certain new market-rate residential and commercial developments to generate local funding for affordable housing production and preservation. At the time, critics raised many of the same criticisms that have been made of Measure ULA. For example, the Greater LA Chamber of Commerce claimed, “[T]his proposal will make low- and middle-class housing more expensive to build and more expensive to rent or own.”<sup>57</sup> The Linkage Fee was phased-in over a period of 18 months, in one-third increments. Considering planning entitlement applications, analysis from LA City Planning shows a spike and then sharp dropoff in entitlement applications at each of the phase-in periods, suggesting that projects were rushing to be able to “vest” out of the requirement to pay the Linkage Fee, as shown in Figure G. Despite these spikes and subsequent dropoffs, building entitlements and permits have overall continued to trend upward. In other words, these are now considered part of the cost of doing business for real estate developers. They have absorbed the Linkage Fee into their building and land costs as part of their development budgets.

**Note:** The Linkage Fee is an important tool for the creation of affordable housing, but it does not generate nearly the amount of funding to meet LA's dire needs. In just its first 10 months, Measure ULA has generated more revenue than the Linkage Fee has over the past five years combined (Linkage Fees have generated a total of \$121 million from 2019 to 2023).

Measure ULA is now the law of the land in the City of Los Angeles, and most owners of properties valued at over \$5 million will be subject to the tax when they sell their properties. Over time as interest rates and construction costs moderate, the sales of expensive properties can be expected to trend upward and likely stabilize. Such outcomes have been seen in both Berkeley, CA and Baltimore, MD, where the first year of their real estate transfer tax revenues were lower but have been relatively steady ever since.<sup>58</sup>

57. “LA City Council Approves Controversial Housing Development Fee,” CBS News, December 13, 2017, <https://www.cbsnews.com/losangeles/news/la-city-council-housing>  
 58. Berkeley collected \$2.9 million in FY2019 through Measure P taxes, and years since have varied between \$9.5 and \$20.6 million. Baltimore collected \$1.4 million through its Yield Tax in FY2019. Receipts from all subsequent years have been between \$7.1 and \$19 million.

# REAL ESTATE TRANSACTIONS THAT PAID THE ULA TAX

## Bel Air Mansion Sold by Celebrity Jennifer Lopez: **\$1.87 Million to ULA**



Celebrity pop star/actor Jennifer Lopez has an estimated net worth of \$400 million and an estimated combined net worth of \$550

million together with her husband Ben Affleck. In October 2023, J-Lo sold her eight-acre Bel Air estate and 12,000-square-foot home for \$33.95 million, 21% higher than her 2016 purchase price of \$28 million. The property sale paid \$1.87 million to ULA.

## Bel Air Mansion Sold by Media Heiress Taylor Thomson: **\$1.49 Million to ULA**



Taylor Thomson is Canada's second-richest woman and heir to the media empire founded by her grandfather Roy Thomson. She has a

family share of the company that has controlling stake in Thomson Reuters, a media company that reported \$6.8 billion revenue in 2023. In January 2024, Thomson sold her 8,800-square-foot Bel Air mansion for \$27 million, a gain of 265% from her 2001 purchase price of \$7.4 million. The property sale paid \$1.49 million to ULA.

## Chinatown Industrial/Commercial Properties Sold by Investment Firm Redcar Properties: **\$2.52 million to ULA**



Redcar Properties, a Santa Monica-based investment firm launched by former Blackstone executive Chris Chee, focuses on purchasing

"under performing properties in high growth urban neighborhoods." The company's first fund in 2020 focused on creative office space acquisitions and raised \$412 million; its second fund in 2023 raised \$418 million. In January 2024, Redcar sold three industrial parcels in Chinatown near LA State Historic Park ("Cornfield") for a combined price of \$45.75 million, nearly \$8

million more than what the company had paid for the properties just three years earlier. Chinatown and the surrounding neighborhoods have faced significant gentrification and displacement pressure as longtime, low-income renters and businesses are displaced by new luxury developments. Redcar's combined property sales paid \$2.52 million to ULA.

## Van Nuys and Hollywood Apartment Buildings Sold by ULA Opponent Decron Properties: **\$2.25 million to ULA**

Decron Properties is one of the largest privately-owned real estate firms in California with a reported \$2.5 billion valuation, including 8,000 multifamily units as well as offices and commercial buildings. In December 2023, Decron sold two apartment complexes, one in Van Nuys for \$18.9 million and the other in Hollywood for \$22 million—in total 144 units. Based on public records, Decron purchased the Van Nuys property in 1983 for \$2 million and appears to have purchased the Hollywood building at foreclosure in 1996 using a \$2.4 million loan. The company likely gained upwards of \$36 million on the combined sales.



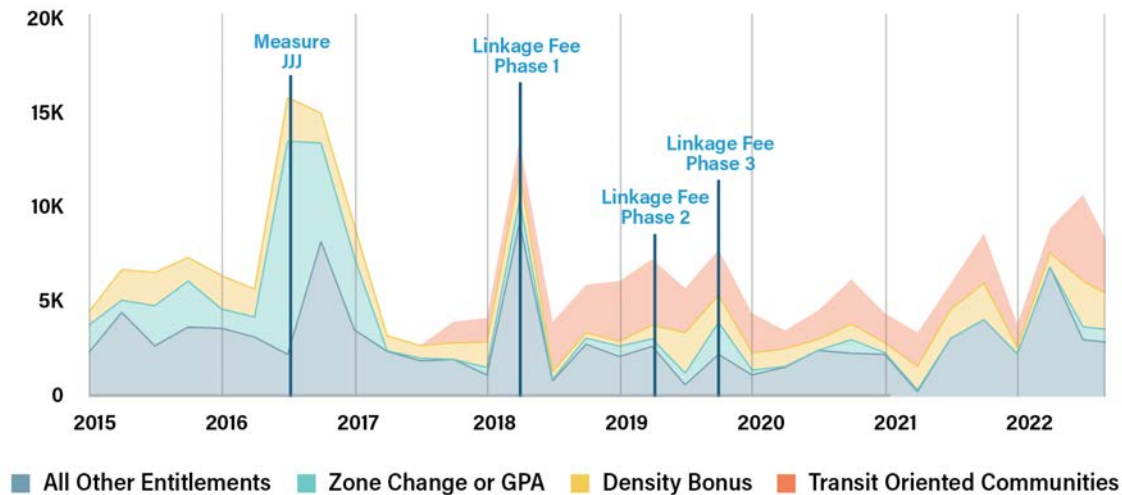
**Decron CEO David Nagel** has been a vocal opponent of Measure ULA and LA City's tenant protections, telling news outlets he sold the two buildings because he is fed up with LA's taxes and restrictions on rent increases and is "looking to buy real estate that is not regulated" (although at the same time Decron sold its LA City properties, it also sold two large apartment complexes in the lesser-regulated city of Thousand Oaks in Ventura County). Decron's combined Van Nuys and Hollywood property sales paid \$2.25 million to ULA to do the very things CEO David Nagel opposes: supporting tenant protections and building affordable housing.

## FIGURE G

Source: Los Angeles City  
Planning Housing Progress  
Dashboard

### Housing Proposed Through Planning Entitlements *January 2015 – December 2022*

#### Housing Units Proposed by Entitlement Type



ULA revenues will fluctuate year to year, but as the macroeconomic factors adjust, the lawsuits exhaust the appeal process, the counter ballot measure is defeated, and real estate developers and investors resume activity, we will see ULA generate hundreds of millions of dollars year after year to produce and preserve affordable housing and prevent homelessness.

### Long-Term Real Estate Appreciation Far Exceeds the Cost of the ULA Tax

**MEASURE ULA WAS DESIGNED** to tax those selling the most expensive real estate, a small portion of all property sales. Despite the ups and downs of the economy and real estate activity, those owners—whether individuals or corporations—have generally enjoyed a substantial increase in their property values and wealth over the long-term.

Sales price data obtained from the California Association of Realtors demonstrates this trend for home sales. In the City of LA over the seven-year period from 2017-2023, the median sales price for existing single-family homes increased by 44.8%, growing from \$995,000 in 2017 to \$1.44 million in 2023. The median price per square foot increased by 39.1% over that same period. Broadening the view to a regional scale and longer horizon, in LA County over the 14-year period from 2010 to 2023, the median sales price for existing single-family homes nearly tripled, increasing from \$323,290 in 2010 to \$883,380 in 2023 (173.2% increase). The median price per square foot in LA County shot up 138.1% over that same period.

The Case-Shiller Home Price Index for the Los Angeles region—which tracks monthly change in the value of single-family homes—confirms LA's tremendous residential real estate appreciation over time: home prices were 328% higher at year-end 2023 than they were in the year 2000.

The one-time Measure ULA real estate transfer tax of 4% or 5.5% is a tiny fraction of the significant gains experienced by owners and investors of expensive property.





**SINCE 2018 THERE HAS** been an uptick in the number of progressive real estate transfer tax laws and ballot measures passed across the United States, but these types of taxes are far from new. Seven states have progressive transfer taxes targeting properties over a specified sale price on the books. New York and New Jersey have had mansion taxes on properties over one million dollars since 1989<sup>59</sup> and 2004, respectively. Even municipal-level taxes with specific intended uses are not new. Aspen, Colorado, has had a real estate transfer tax (0.5%) used to fund the arts since 1979 and added an additional 1% for affordable housing in 1989. In Culver City, California, the city's real estate property transfer tax, passed in 2020, helps fund essential services, including maintenance of parks, facilities and streets, addressing homelessness, after school programs and senior services, and economic recovery programs.

According to the Institute on Taxation and Economic Policy, 17 cities and counties in the nation have enacted progressive taxes on high-price real estate sales (i.e. "mansion taxes"), including 10 cities in California: Berkeley, Culver City, Emeryville, Los Angeles, Oakland, Richmond, San Francisco, San Jose, San Mateo, and Santa Monica. The other seven local jurisdictions are New York, NY; Evanston, IL; Santa Fe, NM; Stamford, CT; Baltimore, MD; Anne Arundel County, MD; and Montgomery County, MD. Of these local level transfer taxes, almost all (15 of 17) tax the full value of each transaction and a majority apply to both residential and commercial properties.<sup>60</sup>

The structure and oversight of Measure ULA is more robust than most, but at least two other California cities (Santa Monica and Berkeley) have included committees of either residents or experts to guide the spending of revenue. The City of Berkeley, whose Measure P transfer tax went into effect in 2019,

59. New York State Department of Taxation and Finance, "1989 Amendments to the Real Estate Transfer Tax," June 12, 1989, [https://www.tax.ny.gov/pdf/memos/real\\_estate/m89\\_3r.pdf](https://www.tax.ny.gov/pdf/memos/real_estate/m89_3r.pdf)

60. Institute on Taxation and Economic Policy, "Local Mansion Taxes: Building Stronger Communities with Progressive Taxes on High-Value Real Estate," March 14, 2024, <https://itep.org/local-mansion-taxes>

has raised over \$83 million in the first four years (2019-2022) to fund “new permanent housing, address immediate street conditions and hygiene, prevent households from becoming homeless and provide emergency shelter and temporary accommodation.” With projected 2023 receipts, Berkeley’s Measure P revenue to date totals \$97 million.<sup>61</sup>

There are several other states or cities where legislation and ballot measures are pending. In November 2023, 73% of voters in Santa Fe, New Mexico approved a mansion tax to benefit the city’s Affordable Housing Trust Fund. It is set to go into effect in May 2024. In Washington state, there is a bill to amend the state’s real estate excise tax structure to make it more progressive, expanding the first tax tier to include property sales up to \$750,000 and tack on another 1% tax on the portion of sales prices that exceed \$3.025 million. In addition, Massachusetts (whose state constitution places strong limits on city powers) is currently considering a bill that will allow cities to enact transfer taxes. Ten cities in Massachusetts want these taxes including Boston and Wellfleet. Some of these cities have been pushing for this tax for years. Concord, for example, voted for a transfer tax in 2019 and 2023.

Measure ULA is in good company. As in these other cities, counties, and states, ULA is meeting urgent community needs for an ongoing source of revenue to fund public services and infrastructure—in LA’s case, to produce and preserve affordable housing, protect tenants, and prevent homelessness.

## CONCLUSION

**LOS ANGELES VOTERS MADE** the right decision when they approved Measure ULA in November 2022. Despite efforts by the real estate industry to undermine its implementation, Measure ULA is already a success. As explained in detail above, macroeconomic forces, including increases in interest rates and construction costs, have affected real estate sales and production nationally and in Los Angeles. The Measure ULA tax may have had a one-time impact on high-price sales due to tax avoidance, but over the long term it should have minimal impact on these sales as the market adjusts, evidenced by the growing transaction volumes. At the same time, ULA has made substantial progress in protecting renters and expanding the supply of affordable housing. It has helped create good jobs. It has made it easier to address the city’s crisis of homelessness. It has established a robust Citizen Oversight Committee that has been busy monitoring and advancing the measure’s implementation. As a single source of revenue, ULA on its own is not sufficient to fully address LA’s crying affordable housing needs, but it is a much-needed, highly significant step in the right direction that is improving lives across Los Angeles.

As the real estate market adjusts to the new reality of Measure ULA, these successes will multiply. The central strength of ULA is that it is not intended to be a “quick fix,” but rather to provide steady and reliable funding on an annual basis for many years. It does so with a reasonable increase in the real estate transfer tax on those who can most afford it. Through the high threshold of a sales price over \$5 million, it exempts 97% of the sales of single family homes, condos, and small apartment buildings with four or fewer units, or 95% of all property sales when larger apartment and commercial buildings are included. In just its first year, this relatively modest tax assessment on a tiny percentage of the wealthiest property owners in Los Angeles is already having an impact on improving housing stability for Angelenos, and all indications are that the positive impact will grow over time. Measure ULA deserves to be celebrated as the good, common-sense policy that it is.

61. Dee Williams-Ridley, City Manager, City of Berkeley, “Measure P and Impact on Homeless Services in Berkeley” [report to city council], April 25, 2023, <https://berkeleyca.gov/your-government/our-work/bond-revenue-measures/measure-p>



# MEASURING LA'S MANSION TAX

*An Evaluation of Measure ULA's First Year*



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