TO CITY CLERK FOR PLACEMENT ON NEXT REGULAR COUNCIL AGENDA TO BE POSTED

~~RULES, ELECTIONS, INTERGOVERNMENTAL RELATIONS~~

#55 **MOTION**

~~HOUSING & HOMELESSNESS~~

In November 2022, almost 60% of voters in the City of Los Angeles supported Measure ULA, also known as United to House LA. Measure ULA established the ULA Tax to fund affordable housing projects and provide resources to tenants at risk of homelessness. The ULA Tax is imposed on all documents that convey real property within the City of Los Angeles when the consideration or value of the real property interest conveyed exceeds a threshold of $5 million dollars, or is $10 million dollars or greater, respectively.

Seventy percent of ULA Program funding is allocated to the Affordable Housing Program, which supports the construction, rehabilitation, and preservation of affordable housing, and 30% of ULA Program funding supports the Homelessness Prevention Program, which supports efforts to stabilize lower-income tenants and prevent displacement from their homes. Since going into effect in 2023, Measure ULA has raised more than $1 billion. Those funds have helped the City and community partners outreach to almost 155,000 tenants, provide direct support to 10,000 people facing eviction or homelessness, are supporting the construction of 800 new affordable homes with funding shortfalls, and a new Notice of Funding Availability will support many more projects when funding is approved this year.

This source of funding is an integral resource to Los Angeles, but it is under threat. Ballot measures sponsored by business groups and state legislative action present real challenges to the structure, shape, and the very existence of Measure ULA moving forward. Another major factor driving challenges to Measure ULA is its impact on multifamily housing and commercial production in Los Angeles. Traditional lenders are signaling significant skepticism and have already moved their support to other housing markets around the country. This lack of investment along with other constraints impacting new unit construction including high insurance rates, the cost of materials and supplies, labor scarcity, restrictive zoning, and depleting public subsidies are making it more difficult to construct housing and generate construction jobs for Angelenos. While overall project entitlements have marginally increased in the City because of new state and local policies incentivizing housing, permitting numbers for new multifamily housing have been hit hard and fewer projects on the ground are making it to completion through issued certificates of occupancy.

The need for Measure ULA has never been more pronounced, and we must ensure that Angelenos are at the forefront of reforming it locally in all the ways necessary to keep dangerous and repressive statewide initiatives on all transfer and/or special taxes off the ballot, retain as much local revenue for critical services as possible, support Palisades residents impacted by recent wildfires, and spur housing production through temporary exemptions and technical corrections.

I THEREFORE MOVE that the City Council request City Attorney to prepare and present ballot measure language, with a severability clause, and the necessary ballot resolutions and election ordinance to place the measure on the June 2, 2026 ballot, to amend the Measure ULA ordinance with the following changes:

Commercial/Multifamily & Palisades Exemptions:

- Amend Section 21.9.2 to:
  - Create a fifteen year exemption for newly constructed multifamily, commercial or mixed use (i.e. multifamily and commercial combined). The exemption should apply to multifamily and commercial properties transferred within 15 years from issuance of the most recent certificate of occupancy for new construction or substantial rehabilitation. Multifamily is defined as any properties containing 4 or more dwelling units and commercial is defined as any properties containing non-residential uses.
  - Amend Measure ULA to allow the Office of Finance to issue an exemption for three years after any natural disaster upon a showing by the listed taxpayer that the Measure ULA tax will cause an undue hardship. This rule should be retroactive to owners of record of residential properties on January 7, 2025 in fire-impacted areas.

Affordable Housing Production Technical Changes:

- Amend Section 21.9.14 to add non-profit and a limited partnership whose general partner is a single-member limited liability company wholly controlled by a nonprofit corporation meeting the affordable housing development qualifications.
- Amend Section 22.618.3 (d)(1)(i)b.4 to clarify that the language is not applicable in cases of transfers by foreclosure, deed-in-lieu of foreclosure, or other similar conveyance. Replace the resale requirement with a first right of refusal clause for qualified non-profits, Community Land Trusts, and Limited Equity Housing Cooperatives with affordable housing development qualifications to bid on the property at fair market value with a 60 day response period.
- Amend Section 22.618.3(d)(1)(i)b.7 to provide necessary flexibility for seniority to be determined based on the requirements of other public funders and based on the size of each lender's loan.
- Amend Section 22.618.3(d)(1)(i)b.1 and b.2 to provide flexibility to the Los Angeles Housing Department to permit an adjustment of rents up to 80% of Area Median Income to ensure positive cash flow, for example following the loss of subsidy or the risk of foreclosure for project feasibility. This opportunity to shift affordability levels within a project should only be used in times of financial distress to remove any risk.

Contracting

- Add a provision to ensure that upon City Council approval for matters related to Measure ULA, the City Attorney must conclude review as to form in 90 days or less.

PRESENTED BY: ______________________
NITHYA RAMAN
Councilmember, 4th District

SECONDED BY: ______________________

JAN 2 3 2026