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CITY ATTORNEY

REPORT NO. R 20 - 0 2 0 2
JUN 2 2 2020

REPORT RE:

**BALLOT RESOLUTIONS REGARDING
PROPOSED SPECIAL PARCEL TAX PROPOSITION, AND
ORDINANCE CALLING A SPECIAL ELECTION,
FOR THE PROPOSITION ON
NOVEMBER 3, 2020**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

On June 16, 2020, your Honorable Body requested that this Office prepare the documents necessary to place a Los Angeles vacant property tax proposition on the November 3, 2020 ballot. The proposition, in accordance with Council instructions and together with discussions with the Office of the Chief Legislative Analyst (CLA) and the Office of the City Administrative Officer (CAO), is modeled after Oakland's Ordinance, with vacant parcel tax rates from the Blue Sky report. The proposition would impose an annual special parcel tax on certain vacant and unoccupied properties within the City of Los Angeles. The amount of tax revenue anticipated to be collected, per fiscal year, for 20 years from this proposition will be provided by the CAO. This revenue amount will need to be included in the statement of the measure on the ballot pursuant to State law. The revenue from the special parcel tax will fund affordable housing, homeless resources, and other blight mitigation programs. This Office now transmits, approved as to form and legality, the ballot resolutions and election ordinance necessary to place the proposition on the ballot.

Summary of Proposition Provisions

The ballot proposition would provide funding for affordable housing, homeless programs and resources, and other blight mitigation programs through the imposition of a special parcel tax on certain City of Los Angeles properties and parcels that are unoccupied and vacant, respectively for 315 days or more per year. A different rate of tax will apply based on the type of properties or parcels that are unoccupied or vacant, respectively. The rates are as follows:

1. Unoccupied multi-family properties and unoccupied corporate single-family properties will be taxed at an annual rate of \$6,000 per parcel.
2. Corporate owned vacant parcels zoned for single families that measure 20,000 square feet or less will be taxed at an annual rate \$5,000. If larger than 20,000 square feet, an additional tax of \$1,000 is imposed for every 2,000 square feet or fractional part thereof in excess of 20,000 square feet.
3. Vacant parcels zoned for multi-families that measure 20,000 square feet or less will be taxed at an annual rate of \$10,000. If larger than 20,000 square feet, an additional tax of \$2,000 is imposed for every 20,000 feet or fractional part thereof in excess of 20,001 square feet.
4. Vacant parcels zoned for mixed-use that measure 87,120 square feet or more will be taxed at an annual rate of \$5,000, plus an additional \$1,000 for every 20,000 square feet or fractional part thereof in excess of 187,120 square feet.

The proposition would also provide exemptions for properties and parcels owned by low income seniors, very low income individuals, non-profits, properties and parcels undergoing or about to undergo construction or development, and others.

The proposition specifies and lists the purposes for which the special parcel tax proceeds would be used. The purposes include, but are not limited to, job training for homeless individuals, housing assistance, affordable housing incentives, relocation assistance, accessibility support, blight mitigation, and sanitation mitigation of homeless encampments. The proposition would create a special fund into which the special parcel tax proceeds would be deposited in order to be used exclusively for the purposes specified in the proposition. Proceeds deposited into this fund would not be subject to reversion to the City's reserve fund.

Proceeds will also be subject to oversight through the General Manager of the Los Angeles Housing and Community Investment Department (HCID) and the Linkage

Fee Oversight Committee (Committee). The Committee will be comprised of a designees from HCID, CLA, CAO, the Department of City Planning, and the Mayor's Office. The General Manager will prepare and present an annual report related to the expenditures of the special fund together with input from the public and Committee. The General Manager will also prepare recommendations on how proceeds of the special parcel tax should be expended.

Voter Approval and Election Requirements

The ballot proposition proposes a special tax and therefore must be approved by two-thirds of the voters of the City at the November 3, 2020 election. Cal. Cons. Article XIII C, § 2(d). City Election Code Section 601 requires that a final resolution and ordinance to place a measure on the ballot be adopted not less than 110 days before the election. With regard to the November 3, 2020, State General Election, and in light of Council's upcoming recess, the last date for Council to take action to place a measure on the ballot is July 1, 2020.

The State General Election is conducted locally by the County Registrar-Recorder. In order to place a City measure on the State General Election ballot, the City must request the County Board of Supervisors to approve consolidation of the City's ballot measure election with the State General Election. The Board of Supervisors has the limited discretion to deny the City's consolidation request if the County's voting equipment or other election capacities are such that the County cannot handle the City's election.

CEQA

It is the opinion of this office that the adoption of the measure calling the Special Election does not constitute approval of a project for purposes of complying with the California Environmental Quality Act (CEQA), and therefore, the adoption does not require compliance with CEQA prior to your action to adopt the ordinance. If the ballot proposition is approved by the voters, then the City must complete its compliance with CEQA before it commits itself to approve a project using proceeds from the special parcel tax. If you adopt the ordinance, you should direct staff to file a notice of exemption with the County Clerk pursuant to Public Resources Code Section 21152(b).

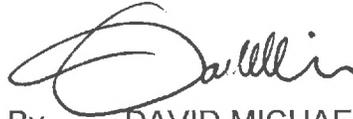
Rule 38 Referral

A copy of the draft ordinance has been presented to the Office of the City Administrative Officer, the Chief Legislative Assistant, and other relevant departments pursuant to Council Rule 38, and their comments have been incorporated.

If you have any questions regarding this matter, please contact Deputy City Attorney Charles Hong at (213) 978-7782 or Senior Assistant City Attorney Noreen Vincent at (213) 978-7730. They or another member of this Office will be available when you consider this matter and answer questions you may have.

Sincerely yours,

MICHAEL N. FEUER, City Attorney

A handwritten signature in black ink, appearing to read "D. Michaelson", written over a horizontal line.

By DAVID MICHAELSON
Chief Assistant City Attorney

DM:CSH:pj
Transmittal