

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council; and

WHEREAS, the City of Los Angeles recognizes that California faces a severe shortage of for-sale housing and a significant affordability crisis, which impacts working families, first-time homebuyers, and the long-term economic stability of our communities; and

WHEREAS, only 3% of all newly constructed housing in California is built for sale, while states like Hawaii and Washington produce condominiums at roughly ten times California’s annual rate; and

WHEREAS, existing California law limits the liquidated damages (buyer deposits) cap for new condominium housing developments to three percent of the expected final purchase price — a cap that has not been updated in nearly three decades and has contributed to increased risk for builders and lenders, constraining financing and raising costs for new housing projects; and

WHEREAS, Assembly Bill 1406 (Ward) would raise the current liquidated damages (buyer deposits) cap from three percent to six percent of the expected final purchase price in new condominium developments, reducing financial risk to lenders and investors, thereby lowering construction financing costs and encouraging more housing production and affordability; and

WHEREAS, by modernizing outdated caps and supporting more predictable and less risky financing environments for housing developers, AB 1406 would help facilitate the delivery of more affordable homes and increase opportunities for Angelenos to pursue homeownership; and

WHEREAS, the City of Los Angeles is committed to addressing housing affordability through policy initiatives aimed at reducing costs, increasing stability and economic security for all residents, with a central strategy of strategically expanding equitable homeownership opportunities for individuals and families across all income levels who have historically faced systemic barriers to building generational wealth through real estate, recognizing that a robust and inclusive housing market is essential for the sustained vitality and equity of its diverse communities;

NOW, THEREFORE, BE IT RESOLVED, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2025-2026 State Legislative Program SUPPORT of AB 1406 (Ward) which would raise the current liquidated damages (buyers deposit) cap to six percent of the expected final purchase price in new condominium housing developments, and expand new homeownership opportunities for Angelenos.

PRESENTED BY:   
ADRIN NAZARIAN  
Councilmember, 2nd District

SECONDED BY: 

ORIGINAL

  
MAR 10 2026