

Communication from Public

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Date Submitted: 05/04/2026 01:14 PM

Council File No: 26-0082

Comments for Public Posting: Los Angeles City Clerk, I am writing to urge the City Council to advance meaningful reforms to Measure ULA — reforms that fix what is broken while preserving what voters intended. The evidence is clear that the measure as written is causing serious harm in three ways, and the committee has an opportunity to fix all three before they get worse. 1. It is blocking the construction of new homes — including affordable ones. Measure ULA taxes the sale of newly built apartment buildings the same way it taxes windfall profits from properties that have sat untouched for decades. That is a mistake that punishes homebuilders at a moment when we desperately need more housing. Research shows that the measure is causing an estimated 1,900 fewer new apartments to be permitted in LA every year as a result, including at least 168 fewer affordable homes annually — more than ULA's revenues from taxing new construction can replace. The fix is straightforward: exempt newly built homes and commercial buildings from the tax for the first 15 to 20 years following Certificate of Occupancy. This would remove the penalty on new construction while having only a modest impact on overall revenues. 2. It is driving investment out of Los Angeles. Since Measure ULA took effect, sales of high-value properties in the City of Los Angeles have fallen roughly 50 percent above and beyond the drop experienced in the rest of the county. Every city countywide faces the same high interest rates and construction costs — this yawning gap between the City of LA and its neighbors is a direct result of the tax. Investors and developers who have the choice are simply moving outside the city limits, leading to less investment in new homes, jobs, and businesses in LA. Lowering the overall tax rate imposed upon non-single-family properties — apartment buildings, commercial properties, and mixed-use developments — would reduce this market distortion and keep investment in Los Angeles. 3. It is costing the public more than it raises. Every time a property sells, it gets reassessed at its new market value — and that means more property tax revenue for the City, the County, and our public schools. When Measure ULA discourages sales, it also prevents those reassessments from happening. The result is a smaller property tax base for everyone. Research from Harvard estimates that for every dollar Measure ULA raises, the region loses

between 63 cents and \$1.38 in property tax revenue. In other words, the measure could well be destroying more public revenue than it creates — a bad deal for a city that is facing a structural budget deficit and a school district that is struggling to keep class sizes small and pay teachers a living wage. Fortunately, these flaws within ULA are fixable. This subcommittee has the power to put forward a better-designed measure for the November ballot — one that mitigates damage to our property tax base and supports rather than undermines the construction of desperately needed new homes. I urge you to move forward with meaningful reform. Thank you for your time and your service to our city.
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