

# Impacts of Measure ULA Exemption Amendments

Analysis of Considered Exemption Proposals

May 2026



**Economic & Planning  
Systems, Inc.**  
The Economics of Land Use

LOS ANGELES  
OAKLAND  
SACRAMENTO  
DENVER

[www.epsys.com](http://www.epsys.com)



# ANALYSIS TEAM INTRO



**DARIN  
SMITH**  
Principal



**THOMAS  
GONZALES**  
Vice President



**AMIT  
COHEN**  
Associate



**BRYAN  
ISAAC**  
Associate

## Analysis Task

Work with Office of the City Administrative Officer (CAO) to estimate the impact of potential amendments to Measure ULA.

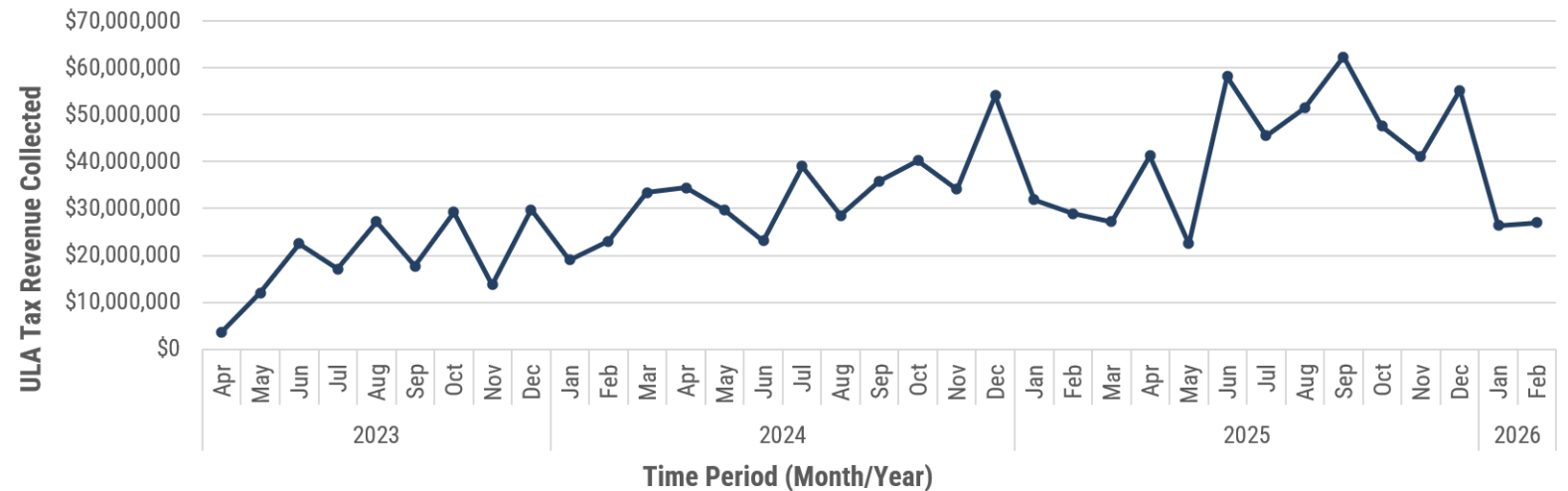
Utilize City, County, and private data, as well as research results from academic and professional studies to evaluate impact on the following metrics:

1. Projected Measure ULA revenue
2. New market rate and affordable housing development
3. City property tax revenues

# MEASURE ULA CONTEXT

- \$1.1 billion collected  
Mar 2023 through Feb 2026
- 47% of revenue from “mansions”
- 19% from apartments and mixed-use buildings
- 34% from commercial (including office, retail, industrial, studios, etc.)

Description	Transactions		Revenue	
	Count	Share	Amount	Share
Single-Family Residential	991	63%	\$527,472,608	47%
Duplex-Triplex Residential	8	1%	\$2,297,600	0.2%
Multifamily Residential	194	12%	\$184,265,150	16%
Mixed Use	12	1%	\$37,253,786	3%
<u>Commercial</u>	<u>373</u>	<u>24%</u>	<u>\$382,921,243</u>	<u>34%</u>
<b>Total</b>	<b>1,578</b>	<b>100%</b>	<b>\$1,134,210,386</b>	<b>100%</b>



# PROPOSED AMENDMENT SCENARIOS

Scenario	Description
1A	Exemption for multifamily, commercial, or mixed-use buildings that are sold within 15 years of construction if built after amendment
1B	Exemption for all multifamily, commercial, or mixed-use buildings that are sold within 15 years of construction and sold no later than 15 years after amendment
2	Three-year, rolling exemption for single-family properties severely damaged by a natural disaster that resulted in a local emergency declaration
3	Exemptions for transfers at a loss where a building's sale price is below its previous sale price.

# HOW WE ESTIMATED IMPACTS

Type of Impact	Logic
ULA Tax Revenue	The share of revenue raised to date from transactions of properties in the newly exempt subset would be lost going forward.
Market-Rate Housing Production	Exemption from ULA tax would reduce cost and improve feasibility, leading to more units built. Impact varies depending on hold period and how long a property remains eligible for exemption.
Affordable Housing Production	Any increase in market-rate residential and commercial development leads to inclusionary and/or linkage-fee-funded affordable units, but loss of Measure ULA revenue would lead to funding for fewer affordable units.
Property Tax	Increases in development activity generate new property tax. Exemptions can also pull forward delayed transactions and/or enable sales that would not otherwise occur. Exemptions may cause a few properties to sell for prices above the ULA threshold that otherwise might have opted to sell at a price just below it.

---

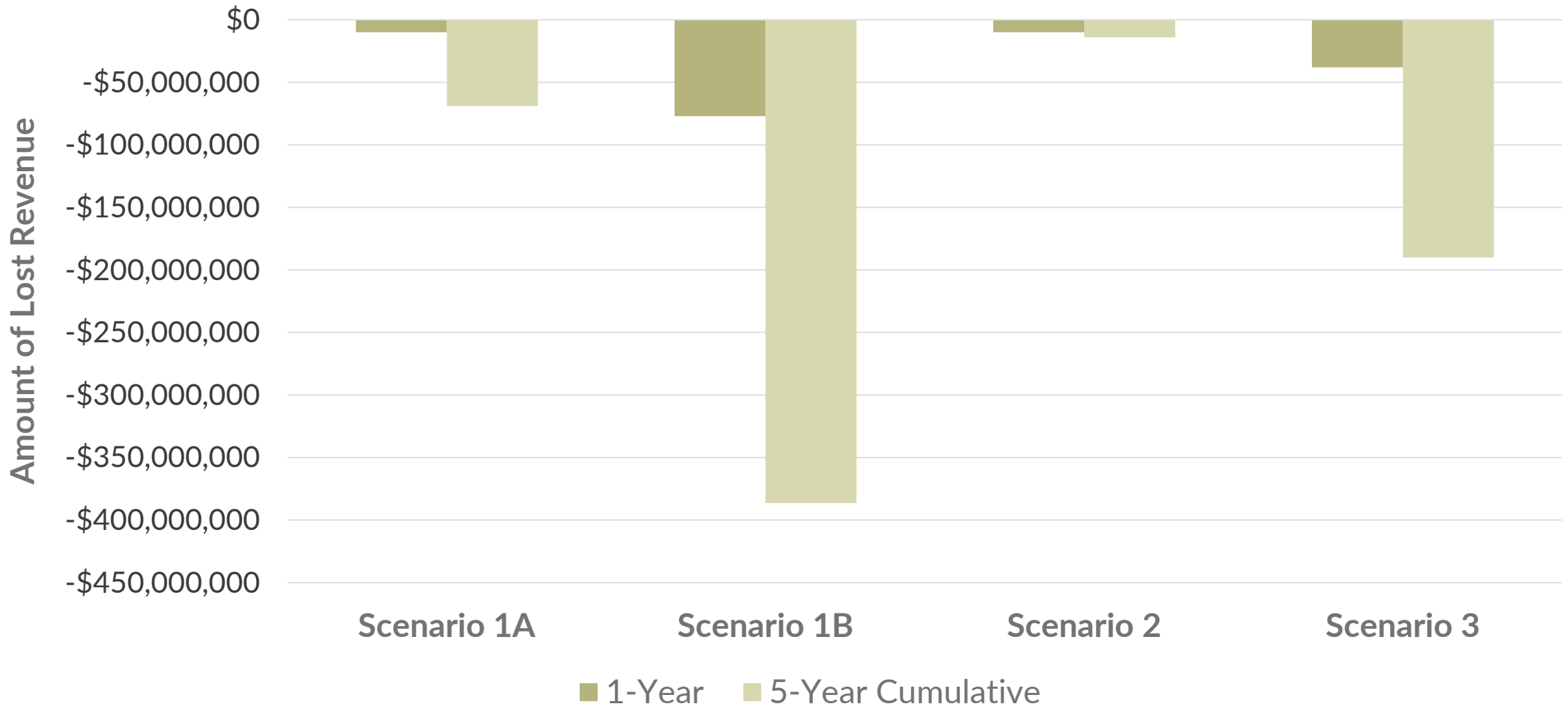
# ESTIMATING HOUSING PRODUCTION IMPACT

- Feasibility impacts from cost of ULA tax influence the decision whether to build new projects—which most often occurs 4+ years prior to project completion
- So, it's still too early to see full impact of ULA on housing production (and therefore to get a more accurate estimate on the impact of an exemption)
  - Changing market conditions have made it more difficult to draw definitive conclusions without large, multi-year data set
- We know changes in project feasibility are correlated with changes in production from prior research studies, so we use the results of a prior study along with conservative assumptions to estimate impact

# IMPACT ON MEASURE ULA REVENUE

Scenario	Logic	1-Year Impact	5-Year Impact (Cumulative)
1A	Newly built projects now exempt for their first 15 years, so ULA revenues would decrease.	\$10 million reduction (2.0 %)	\$69 million reduction (2.8 %)
1B	Newly built <i>and some existing</i> projects would be exempt through 2042, so ULA revenues would decrease during the exemption period.	\$77 million reduction (15.4 %)	\$386.5 million reduction (15.4 %)
2	Properties damaged by a disaster would now be exempt for a short period, during which ULA revenues would decrease. Year 1 may see most significant impacts due to scale of Palisades Fire.	Less than \$10 million reduction ( < 2.0 %)	Less than \$14 million reduction ( < 0.6 %)
3	Some properties that would have paid ULA taxes would now be exempt, so ULA revenue would decrease.	\$38 million reduction (7.6 %)	\$190 million reduction (7.6 %)

# IMPACT ON MEASURE ULA REVENUE



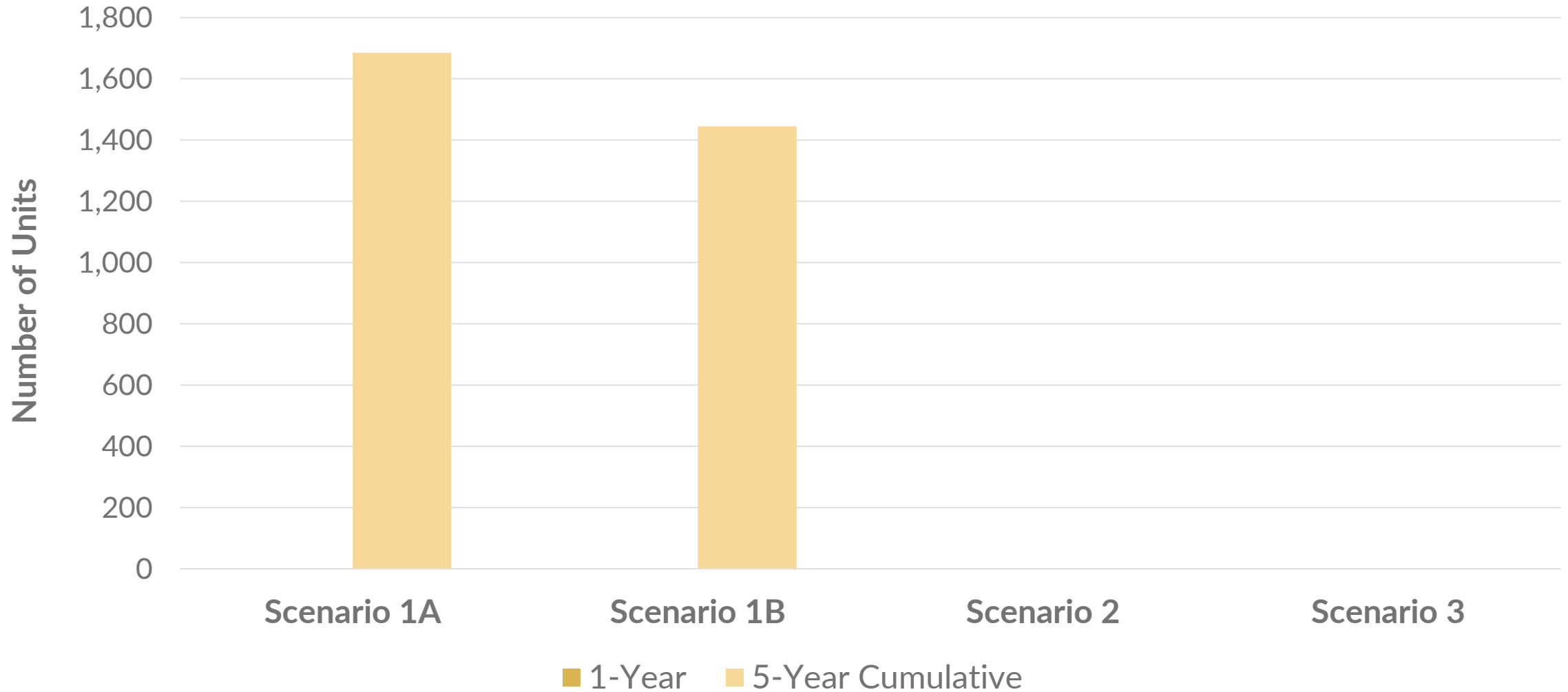
# HOUSING PRODUCTION FROM IMPROVED FEASIBILITY

Scenario	Logic	1-Year Impact	5-Year Impact (Cumulative)
1A	Creates long-term improvement in development feasibility by lowering costs; housing production would increase slowly at first as newly feasible projects take several years to complete.	0 additional units	1,685 additional units (5.5 % increase in market-rate housing construction)
1B	Creates limited-term improvement in development feasibility; housing production would increase slowly at first as newly feasible projects complete. Increase likely peaks around Year 5 due to sunseting of exemption period.	0 additional units	1,445 additional units (4.7 % increase in market-rate housing construction)
2	Negligible due to the limited 3-year exemption for pre-existing single-family homes only.	0 additional units	0 additional units
3	Negligible impact because new developments are not planned to be sold for a loss, but may provide marginal benefit from reduced downside risk due to higher effective sale price.	0 additional units	0 additional units

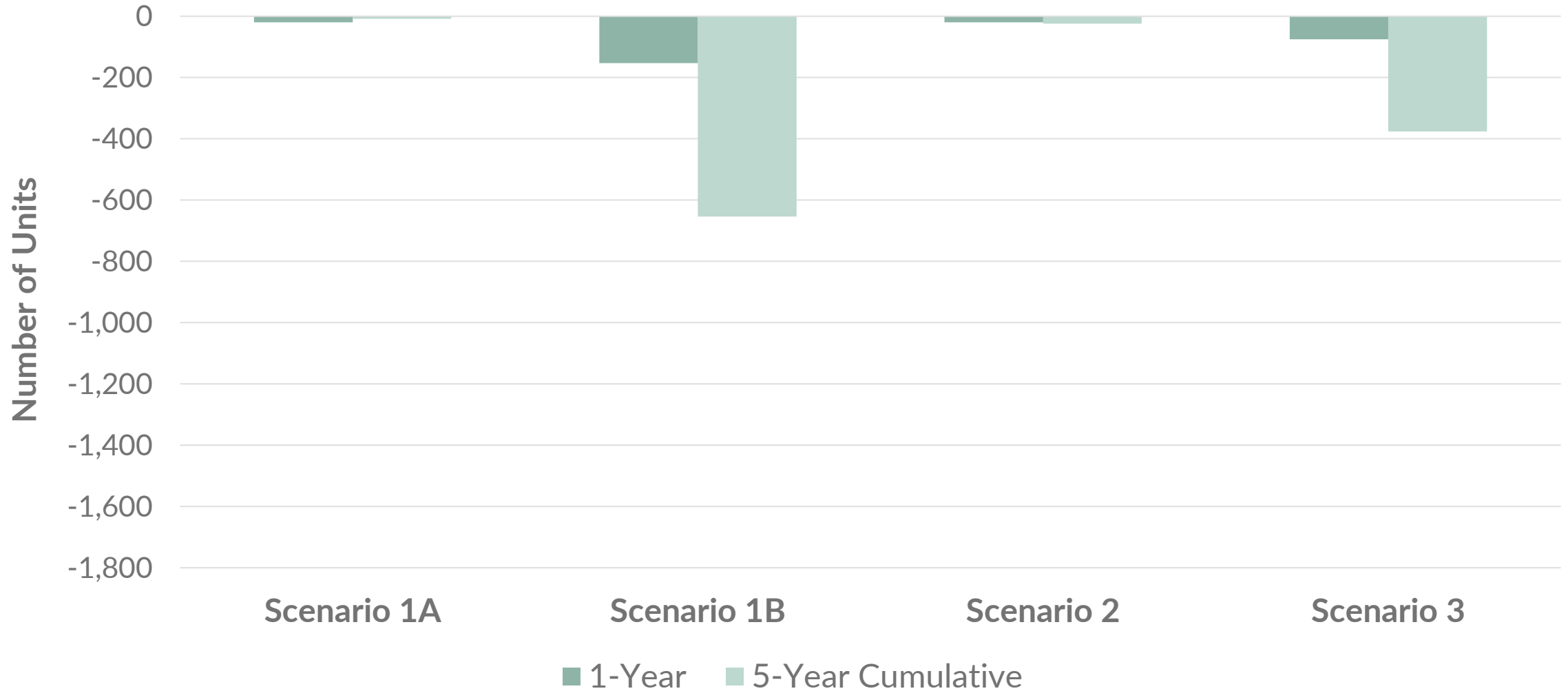
# AFFORDABLE HOUSING TRADEOFF

Scenario	Logic	1-Year Impact	5-Year Impact (Cumulative)
1A	Increased residential and nonresidential production would increase inclusionary units and linkage fees, but reduced ULA revenue would fund fewer affordable units.	20 fewer units <i>(from lost ULA funds)</i>	8 fewer units <i>(99 inclusionary units, 30 units funded from linkage fees, less 137 units from lost ULA funds)</i>
1B	Increased residential and nonresidential production would increase inclusionary units and linkage fees, but reduced ULA revenue would fund fewer affordable units.	153 fewer units <i>(from lost ULA funds)</i>	654 fewer units <i>(85 inclusionary units, 26 units funded from linkage fees, less 765 units from lost ULA funds)</i>
2	Decreased ULA revenue would reduce the number of affordable units that can be funded.	Up to 20 fewer units	Up to 24 fewer units
3	Decreased ULA revenue would decrease the number of affordable units that can be funded.	75 fewer units	376 fewer units

# IMPACT ON MARKET-RATE HOUSING PRODUCTION



# IMPACT ON AFFORDABLE HOUSING PRODUCTION



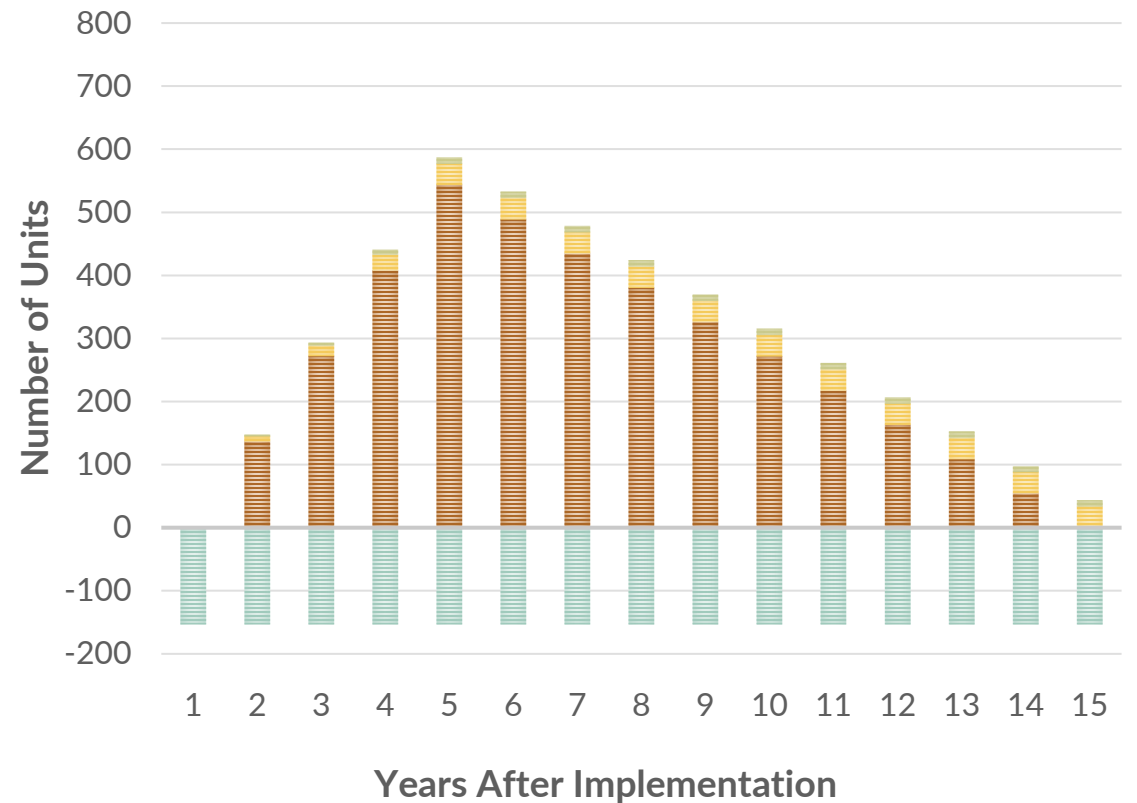
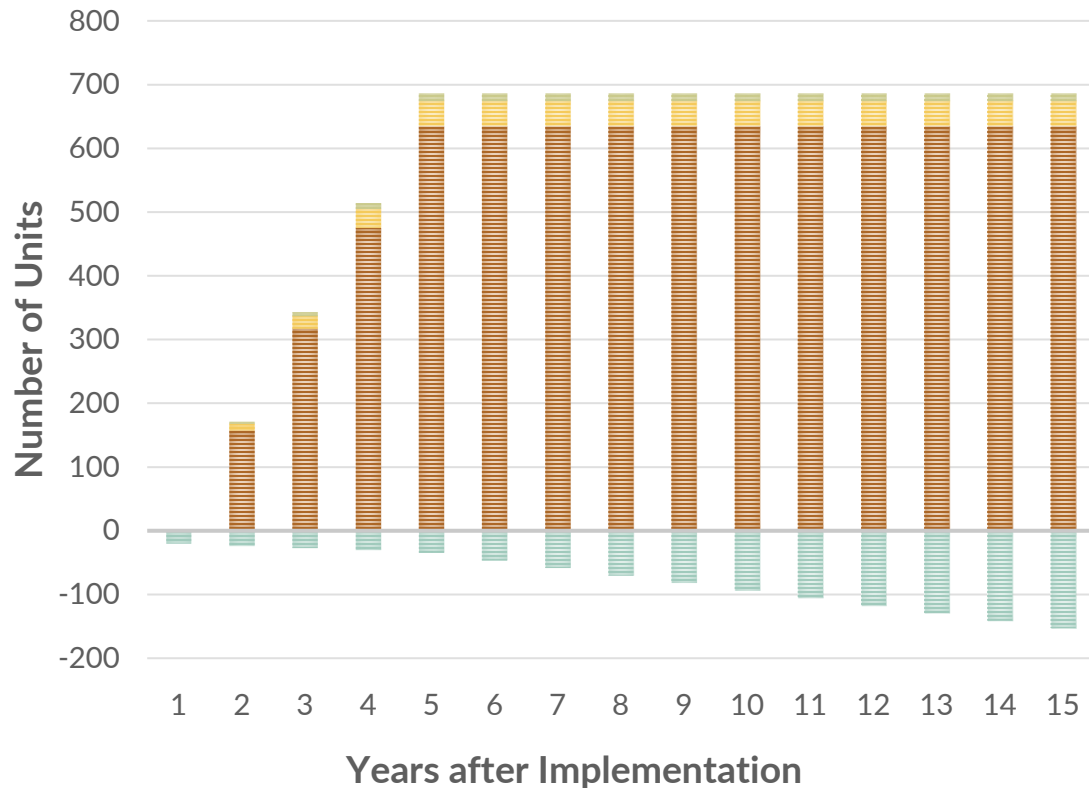
# HOUSING IMPACT COMPARISON

SCENARIO 1A

VS

SCENARIO 1B

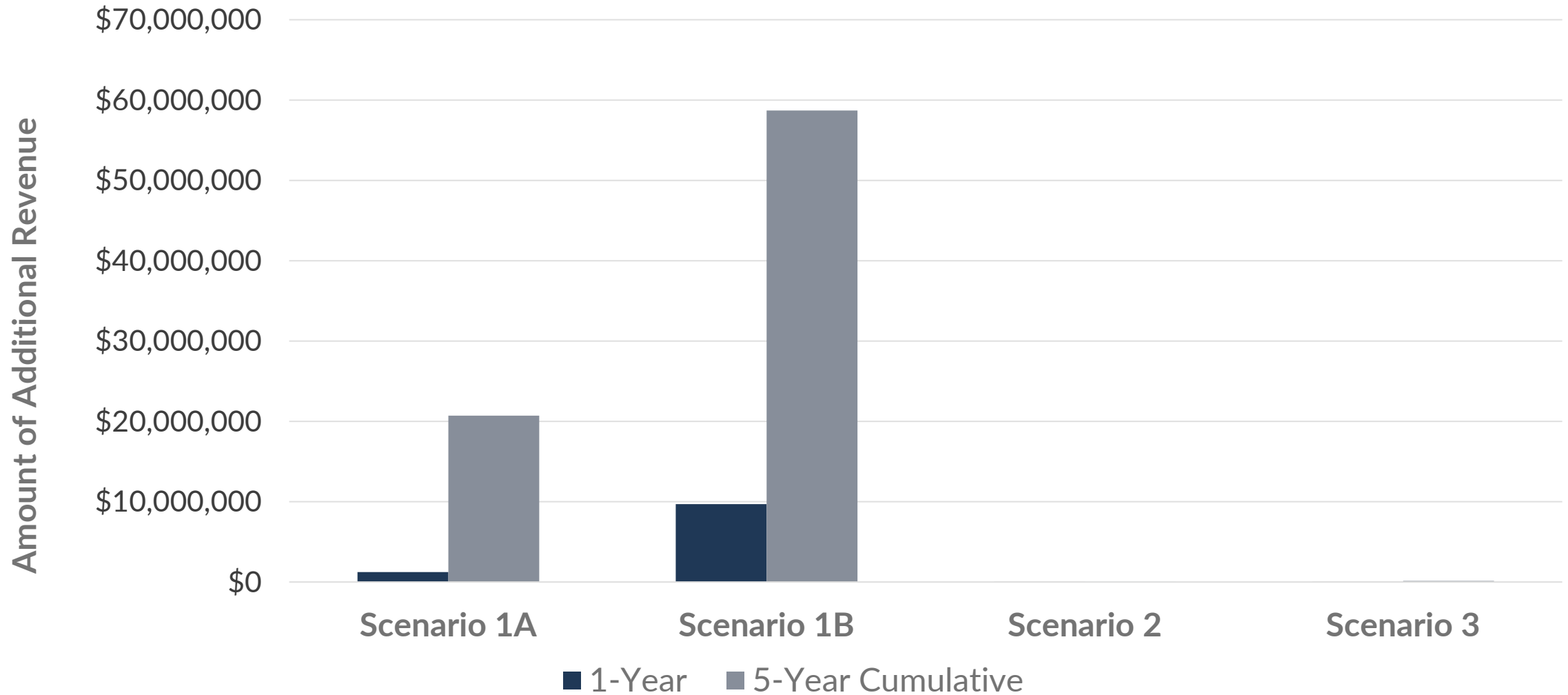
■ Market-Rate Units ■ Inclusionary Units ■ Linkage Fee Units ■ Lost ULA Units



# PROPERTY TAX IMPACT

Scenario	Logic	1-Year Impact	5-Year Impact (Cumulative)
1A	Increased residential and nonresidential development would increase property tax revenue. Exemption would also pull forward delayed transactions and enable sales that would not otherwise occur.	Up to \$1.25 million total (12.5 % of lost ULA \$); City share is \$326,000	Up to \$20.7 million total (30 % of lost ULA \$); City share is \$5.4 million
1B		Up to \$9.7 million total (12.6 % of lost ULA \$); City share is \$2.5 million	Up to \$58.7 million total (15.2 % of lost ULA \$); City share is \$15.3 million
2	Generally, very small / negligible impact, as number of exempt transactions is small. Though exemption may cause a few properties to sell for prices above the ULA threshold that otherwise might have opted to sell at a price just below it.	Less than \$10,000 total; City share is < \$2,500	Less than \$10,000 total; City share is < \$2,500
3		Less than \$25,000 total; City share is < \$6,500	Less than \$125,000 total; City share is < \$33,000

# IMPACT ON PROPERTY TAX REVENUE



---

# SUMMARY & TAKEAWAYS

- Proposed exemptions to Measure ULA have critical policy trade-offs:
  - Market-rate vs affordable housing production
  - Baseline municipal tax collections vs dedicated funding sources for affordable housing development and homelessness response programs
- For exemptions to recently built multifamily and commercial buildings (*Scenarios 1A and 1B*), loss of Measure ULA revenue would be materially offset by expected increases in private sector production of market-rate housing due to increased feasibility
- EPS's estimates should be considered as an indication of *rough magnitude of impact* rather than exact projections