

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: May 13, 2026

TO: Honorable Members of the City Council

FROM: Sharon M. Tsou
Chief Legislative Analyst

Council File No. 26-0088-S1
Assignment No. 26-05-0363

SUBJECT: Independent Studies on Measure United to House LA (ULA) and Review of Proposed or Enacted Changes to Similar Ordinances in Other Jurisdictions

SUMMARY

Motion (Jurado, Hernandez – Yaroslavsky), as amended, instructs the Chief Legislative Analyst to compile and analyze independent studies that have been conducted on the impact of Measure United to House LA on housing production in the City, and to review any proposed or enacted changes to ordinances in other jurisdictions that are similar to Measure ULA, including, but not limited to, Proposition I in San Francisco and Measure RE in Culver City.

Measure ULA was approved by City voters in November 2022. It established an additional transfer tax on the sale of real property valued over \$5 million to fund affordable housing and homelessness prevention. The tax took effect in April 2023.

This Office has reviewed several reports related to Measure ULA's impact on housing production. Some reports claim that ULA has had a negative impact on housing production in the City, as well as a loss in property tax revenue. Others have challenged these findings. This literature review summarizes the analyses that have been conducted to date.

RECOMMENDATION

Note and file this report, inasmuch as it is informational.

DISCUSSION

There have been several studies on the impacts of Measure ULA. The following section summarizes seven reports. Three claim that ULA has had negative impacts on housing production and property tax revenues in the City. Four suggest that Measure ULA has not had a negative impact on housing production. Two of those four specifically produce findings that challenge findings in the studies that view ULA negatively.

Studies on Measure ULA

The following reports produced findings that suggest Measure ULA had a negative impact on housing production, property tax revenues, and/or other adverse effects.

Manville, Michael and Smith, Mott. *The Unintended Consequences of ULA*. UCLA Lewis Center for Regional Policy Studies, April 2025.

This study consists of two difference-in-difference¹ analyses of LA County property transaction data from 2020 through 2024. The study states that a regression analysis finds strong evidence that, in the first 20 months of being in effect (April 2023), Measure ULA reduced the total number of non-single family transactions in the City by 7 to 15 percent per month. This translates to a 30 to 50 percent decrease in the number of transactions involving commercial, industrial, and multifamily properties over ULA's first twenty months. The study claims that these sales directly and indirectly impact construction of new housing and create jobs.

The study's second regression analysis focuses on prices before and after ULA. The analysis suggests that ULA resulted in a roughly 50 percent decline in sales above the \$5 million tax threshold.

The study infers that these reductions in the number of transactions and the average price of each transaction imply both a loss in new housing and commercial/industrial development, as well as a loss in property tax revenue. The study claims that Measure ULA resulted in an initial loss of property tax revenue of approximately \$25 million annually, and, if the measure continues without reform, these revenue losses will compound.

The study states that revenue effects of ULA occur because of California's Proposition 13, which allows properties to be reassessed only when they are sold or substantially improved. If Measure ULA is reducing the number of real estate transactions in the City, the growth of the net taxable value of properties, and therefore the City's income from property taxes, is slowed.

The study states that the housing effects of ULA occur because developers who build multifamily housing often start by buying an expensive site, and finish by selling the improved property. ULA levies a tax on the total value of the finished development (i.e., once a project is completed and sold). The ULA tax reduces the amount a developer can bid for a site because they must budget for the tax they will be required to pay when they sell. Developers in this situation are therefore less likely to succeed in bidding.

The study also discusses the "notches" used by Measure ULA - the thresholds that trigger the tax. A property selling for just below its threshold pays no ULA tax, while a property selling above it is taxed on the entire sale amount. The two current notches, \$5.3 million and \$10.6 million, create an incentive for owners of properties that would sell at or near the threshold to keep the price below the notches or not sell at all.

ULA exempts sellers from the tax if a buyer is a nonprofit organization with a history of affordable housing development or property management. However, the study states that the Low Income Housing Tax Credit (LIHTC) program is the single largest source of affordable units in the City, and that for-profit developers have created a majority of such units. The study suggests that these for-profit developers who deliver affordable units via the LIHTC program should also be exempted from the ULA tax.

¹ A form of statistical analysis that seeks to isolate the causal effect of an intervention by comparing the before-and-after change in treated units to the before-and-after change in similar, untreated units (the "control group"). The disparity between those two changes (the "difference in differences") can, under some assumptions, be interpreted as the causal effect of the treatment.

The study suggests some potential fixes for Measure ULA:

- Exempt all non-single family residential properties from the ULA tax, which would not have adverse large implications for new multifamily housing or local economic development.
- Exempt transactions where the property has been reassessed to encourage development of new housing.
- Lower Measure ULA's floor and tax those transactions at a lower rate to add revenue and compensate for lost revenue from other reforms.
- Make ULA taxes marginal to avoid certain behavioral changes associated with ULA's notches.
- Extend ULA exemption to for-profit LIHTC developers.

Ward, Jason and Philips, Shane. *Taxing Tomorrow: Measure ULA's Impact on Multifamily Housing Production and Potential Reforms*. UCLA Lewis Center for Regional Policy Studies and RAND, April 2025.

This report asserts that there is a causal linkage between Measure ULA and housing development. Using a difference-in-difference research design, the study finds that Measure ULA is reducing multifamily housing production in Los Angeles by at least 1,910 units per year among projects with 20 or more units, including approximately 170 affordable units. This represents an 18 percent decline relative to the pre-ULA 2020–2022 average. The report claims that ULA has reduced production by reducing sales of parcels with high redevelopment potential by approximately 50 percent. Compared to its peak in 2022, multifamily unit permits were down 21 percent in 2023 and 40 percent in 2024, while permits for single family homes and accessory dwelling units, most of which tend to be priced below the ULA threshold, remained stable.

The report states that Measure ULA reduces multifamily permitting by taxing the sale of recently built projects, thus discouraging their production while generating limited ULA revenue. An estimated eight percent of ULA revenue, or \$29 million per year, has been raised from multifamily projects sold within 15 years of development. The study assumes that ULA must cover approximately 60 percent of a total affordable housing development cost of \$672,000 per unit, meaning that ULA revenue from sales of recently built multifamily projects can subsidize only 70 affordable units annually. As stated earlier, the study finds that ULA has reduced the production of affordable units by approximately 170 units per year. Therefore, the report infers that taxing newer multifamily projects has resulted in a net deficit of roughly 100 units per year.

The study offers some potential reforms for Measure ULA at the City or State level:

- Exempt multifamily projects from transfer taxes when sold within 15 years of construction, which could increase multifamily permitting and reduce ULA revenue only modestly, and also increase other revenues, such as sales taxes and property taxes.

- Exempt recently built commercial and industrial properties from the ULA tax. The authors assert that sales of these properties generate minimal ULA revenue, and that they provide other important benefits such as increased job growth and property taxes.

Green, Daniel and Jambulapati, Vikram et al. *Fiscal Externalities of Transaction Taxes: Evidence from the Los Angeles Mansion Tax*. June 2025.

This study finds that much of the revenue raised by the ULA transfer tax is offset by its adverse impact on the property tax base.

The authors assert that Measure ULA interacts with California's Proposition 13, which limits growth of taxable assessed property values between property sales. They claim that California real estate values have grown significantly faster than Proposition 13's two percent statutory limit on assessment growth, therefore many properties are assessed significantly below their actual value. As a result, the growth of the aggregate property tax base is highly sensitive to the occurrence of property sale transactions. In effect, ULA is lowering the number of property transactions in the City, future property tax collections will be limited.

Using a difference-in-difference model and high-value real estate transaction data from multiple sources, the study estimates that, through February 2025, ULA reduced the transaction rate of eligible properties by 38 percent, and that at least 63 percent of the revenue raised by ULA is offset by lower future property tax collections.

The following reports produce findings that challenge findings in other studies, or suggest Measure ULA has not had a negative impact on housing production:

Bonett, Greg and Breidenbach, Jan et al. *Major Research Flaws Undermine Authors' Bold Claims - Unpacking the Debate on Measure ULA*. Occidental College, September 2025.

This report primarily responds to the *Taxing Tomorrow* report authored by Ward and Phillips (UCLA). This report finds that Measure ULA is working as intended and that, according to ULA guidelines and using typical City leveraging where City funds are capped at 20 to 30 percent of total project costs, ULA funds would produce about 65 percent more affordable housing than the *Taxing Tomorrow* report estimates. The study claims that the Los Angeles real estate market is stronger than it has been portrayed, citing the Planning Department's data showing that housing units that have received entitlements has increased 52 percent from 2022 to 2024. Contrary to Ward and Phillips' claims, the report states that there appear to be more projects per quarter after Measure ULA went into effect.

The report states that *Taxing Tomorrow's* central claim is that Measure ULA is causing a reduction of multifamily housing production in Los Angeles, which in turn depresses deed-restricted affordable housing production. The report finds that research issues challenge the validity of claims in the *Taxing Tomorrow* report. The report states that methodological flaws, such as the use of sales of multifamily-zoned parcels as a proxy for development activity, and limited, imprecise, and misused data found in the *Taxing Tomorrow* report, raise significant questions about the report's claim of a robust causal linkage between Measure ULA and multifamily housing production. The report identifies factors that impacted the quality of Ward

and Phillips' data, such as short and uneven time frames, small sample sizes and a small, inappropriate comparison group consisting of selected properties from only 10 jurisdictions outside of the City, unusual circumstances such as the COVID pandemic, and likely bias from excluding projects streamlined by the Mayor's Executive Directive 1 (ED1). These data issues result in flawed statistical analysis.

Additionally, the study states that neither report by the UCLA Lewis Center (Manville - Smith, Ward - Phillips), nor any portion of their findings, has been published in a peer-reviewed academic journal, which would better ensure quality, accuracy, and validity.

Bonett, Greg and Wander, Madeline. *Reanalysis of Multifamily Housing Permit Activity Shows No Reduction After Measure ULA*. Occidental College, April 2026.

This follow-up paper, also authored by Greg Bonett, reanalyzes the actual data used in Ward and Phillips' *Taxing Tomorrow* report. The reanalysis specifically examines the claim that Measure ULA caused a nearly 50 percent reduction in the number of housing units permitted in projects with 20 or more units, amounting to a loss of at least 1,910 units annually. The reanalysis states that, on land sold after Measure ULA took effect, the number of multifamily housing projects permitted per month roughly doubled, and that there was a slight, statistically insignificant increase in the number of multifamily units permitted per month for projects with 10 or more units on land sold after Measure ULA took effect. However, the reanalysis ultimately finds that the building permit data used by Ward and Phillips do not show any meaningful change in the number of multifamily housing units permitted on land sold after Measure ULA took effect.

The reanalysis calls Ward and Phillips' statistical methodologies into question. The paper determined that Ward and Phillips did not actually analyze the change in rate of units permitted per month. The reanalysis finds that, by omitting months with zero multifamily units permitted, they instead unintentionally tested whether the average *size* of multifamily projects had changed after ULA went into effect.

***Analysis of the Impact of the ULA Tax on Incentivizing New Development*. BAE Urban Economics, March 2026.**

This study seeks to analyze financial impacts ULA may have on projects that meet the ULA threshold. First, the study identifies characteristics of actual payers of the ULA tax. Approximately 91.3 percent of multifamily unit transactions subject to the ULA tax were located in buildings more than seven years old, and 82.6 percent were in buildings more than 10 years old. The study also states that approximately 90.9 percent of rentable building area subject to the ULA tax occurred in commercial buildings that were more than 10 years old.

The study then analyzes the extent to which a specified exemption period for the ULA tax on new construction is likely to have on accelerating new development. The study finds that external economic factors relevant to new development, such as historic high capitalization rates, have a larger impact on financial feasibility than the ULA tax itself. According to the report, most residential and commercial projects do not generate a positive return on cost under current market conditions. The study finds that waiving or partially waiving the ULA tax alone for projects like these is not sufficient to achieve feasibility.

The study finds that only a narrow band of projects could benefit from a ULA exemption. As a project's holding period increases, the financial impact of the ULA tax becomes diluted. The

study states that the impact of the ULA tax is felt more heavily by developers whose business model involves creating and flipping properties over shorter holding periods. Such developers may benefit from a ULA exemption. A ULA exemption could also make certain projects with medium-high asking rents become feasible.

Additionally, the report considers the impact of potential exemptions to the Measure ULA tax as proposed in City Council Motion (Raman – Harris-Dawson, CF 26-0088). As the term “substantial rehabilitation” is not defined in the Motion, it could include a potentially wide range of activities. A total of 190 multifamily housing projects have already paid the ULA tax. If a ULA tax break were extended to projects of 10 years old or more so long as substantial rehabilitation activities were completed, this would apply to the vast majority, or 82.6 percent of the multifamily projects that have paid the ULA tax.

Residential Permitting in the City of Los Angeles, Quarter 3 2025 Update. Hilgard Economics.

This report finds that residential permitting in Los Angeles accelerated in the third quarter (Q3) of 2025, with 2,557 new units approved between July and September. This builds on the spring rebound, when 1,816 units were approved in Q2 after a very slow 1,324 unit start in Q1. The Q3 total represents a 60.4 percent increase compared with the same quarter in 2024 and continues the upward trend after an unusually weak beginning to the year. The report states that part of the improvement reflects approved rebuilds in the Pacific Palisades. It informs that the City permitted 5,697 units through September 2025, which is about 11 percent fewer than during the same period in 2024.

The report finds that high borrowing costs, tariff uncertainty, and labor constraints continue to moderate development activity, and that financing remains the single most limiting factor for new project starts.

The report asserts that Measure ULA has created a dedicated local revenue stream to address affordable housing needs, but that the scale of funding remains small compared to the City’s overall demand. It notes that ULA’s impact on housing production could be improved with future refinements to how these dollars are deployed, including pairing them with other resources and aligning them with broader housing production strategies.

Findings Summary

The table below summarizes the various findings in each study.

Study	Key Study Findings	Methodology	Recommendations/ Potential Changes to ULA
<p><i>The Unintended Consequences of ULA.</i> (Manville - Smith, UCLA)</p>	<ul style="list-style-type: none"> -ULA led to a 30 to 50 percent decrease in the number of transactions involving commercial, industrial, and multifamily properties -ULA resulted in a 50 percent decline in sales above the \$5M threshold -ULA resulted in a loss of property tax revenue of \$25M annually 	<p>Two regression analyses of LA County property transaction data from 2020 through 2024: one focused on quantities of transactions, and one focused on transaction prices.</p>	<ul style="list-style-type: none"> -Exempt multifamily residential properties from ULA tax. -Exempt transactions where the property has been recently reassessed. -Make ULA taxes marginal. -Lower Measure ULA's floor and tax those transactions at a lower rate to compensate for lost revenue from other reforms. -Extend ULA exemption to for-profit LIHTC developers.
<p><i>Taxing Tomorrow: Measure ULA's Impact on Multifamily Housing Production and Potential Reforms.</i> (Ward - Phillips, UCLA and RAND)</p>	<ul style="list-style-type: none"> -ULA is reducing multifamily housing production in the City by at least 1,910 units per year by taxing the sale of recently built projects, discouraging their production. -Compared to its peak in 2022, multifamily unit permits were down 21% in 2023 and 40% in 2024, while permits for units not subject to the tax remained stable. 	<p>Difference-in-difference research design using County sales data and matched data on parcel sales and permits from July 2020 through March 2025. Compares decline in sales of parcels with high redevelopment potential to changes in other County jurisdictions.</p>	<ul style="list-style-type: none"> -Exempt multifamily projects from transfer taxes when sold within 15 years of construction. -Exempt recently built commercial and industrial properties from Measure ULA.
<p><i>Fiscal Externalities of Transaction Taxes: Evidence from the Los Angeles Mansion Tax.</i> (Green - Daniel, UC Irvine)</p>	<p>At least 63 percent of revenue raised by ULA is offset by lowering the number of property transactions in the City, which limits the growth of the tax base due to CA Prop 13 and therefore lowers future property tax collections.</p>	<p>Difference-in-difference model with high-value real estate transaction data from the County, City, Corelogic Deeds, and CoStar Transactions from January 2020 through February 2025.</p>	<p>None provided.</p>
<p><i>Major Research Flaws Undermine Authors' Bold Claims - Unpacking the Debate on Measure ULA.</i> (Bonett - Breidenbach, Occidental)</p>	<ul style="list-style-type: none"> -Responds to the <i>Taxing Tomorrow</i> UCLA study. -Identifies research flaws in <i>Taxing Tomorrow</i>, including limited, imprecise, and misused data and the use of sales of multifamily-zoned parcels as a proxy for development activity. -ULA funds would produce 65 percent more affordable housing than <i>Taxing Tomorrow</i> estimates. 	<p>Analyzes methodologies and statistical analyses utilized in the <i>Taxing Tomorrow</i> UCLA report.</p>	<p>None provided.</p>

	<p>-Contrary to <i>Taxing Tomorrow's</i> claims, there appear to be more projects per quarter after ULA went into effect.</p>		
<p><i>Reanalysis of Multifamily Housing Permit Activity Shows No Reduction After Measure ULA.</i> (Bonett, - Wander, Occidental)</p>	<p>-Follow-up paper that reanalyzes actual data used in <i>Taxing Tomorrow</i> UCLA study.</p> <p>-Examines claim that ULA caused a loss of at least 1,910 units annually.</p> <p>-Finds no meaningful change in the number of multifamily housing units permitted on land sold after ULA took effect.</p> <p>-Finds major, invalidating flaws in the statistical methodology utilized by the <i>Taxing Tomorrow</i> study.</p>	<p>Reanalyzes data from the <i>Taxing Tomorrow</i> study and attempts to replicate regressions.</p>	<p>None provided.</p>
<p><i>Analysis of the Impact of the ULA Tax on Incentivizing New Development.</i> (BAE Urban Economics)</p>	<p>-Analyzes potential impacts of a ULA exemption period on accelerating new development.</p> <p>-91.3 percent of multifamily unit transactions subject to the ULA tax were in buildings more than seven years old, and 82.6 percent were in buildings more than 10 years old. 90.9 percent of rentable building area subject to the ULA tax occurred in commercial buildings that were more than 10 years old.</p> <p>-Finds that external economic factors have a larger impact on financial feasibility than ULA, and that waiving or partially waiving the ULA tax is not sufficient to help most projects achieve feasibility.</p> <p>-Impact of ULA is felt more heavily when a property is built and flipped over a shorter holding period.</p>	<p>-Examines multifamily and commercial transactions subject to the ULA tax, covering a 33 month period from April 2023 through December 2025. Data was sourced from CoStar and Property Radar</p> <p>-Tests hypothetical development scenarios for financial feasibility using a pro-forma analysis.</p>	<p>None provided.</p>
<p><i>Residential Permitting in the City of Los Angeles, Quarter 3 2025 Update.</i> (Hilgard Economics)</p>	<p>-Residential permitting in LA accelerated in Q3 of 2025, with 2,557 new units approved, representing a 60.4 percent increase compared to Q3 2024.</p> <p>-Overall, the City permitted 5,697 units through September 2025, about 11 percent fewer than during the same period in 2024.</p> <p>-Finds that high borrowing costs, tariff uncertainty, and labor constraints continue to moderate development activity, and that financing remains the single most limiting factor for new project starts.</p>	<p>Analyzes data on new permits approved by the Department of Building and Safety (DBS) from the City's open data portal.</p>	<p>None provided.</p>

Proposed or Enacted Changes to Ordinances Similar to Measure ULA

This Office was asked to review any proposed or enacted changes to ordinances in other jurisdictions that are similar to Measure ULA, including, but not limited to, Proposition I in San Francisco and Measure RE in Culver City.

San Francisco

San Francisco's Proposition 1 was approved in November 2020. It doubled San Francisco's property transfer tax rate on commercial and residential properties valued between \$10 million and \$24,999,999 from 2.75 percent to 5.5 percent, and on properties valued at \$25 million or more from 3 percent to 6 percent. Tax rates on property transfers under \$10 million range between 0.5 percent and 2.25 percent on a sliding scale and were not changed. Between 2021 and 2024, transfer taxes in San Francisco brought in \$324 million.

Mayor Lurie and Supervisor Mahmood introduced a legislative package, the Balanced Update to Incentivize Local Development (BUILD) Act, which would reverse these tax rate increases, reverting transfer tax rates to pre-2020 levels. It would not change transfer tax rates for single-family residences or for property transfers below \$10 million. These changes can be made via the legislative process due to a 2024 voter-approved proposition that allowed transfer taxes to be decreased, but not raised, through legislation. The proposed ordinance is currently pending before the Budget and Finance Committee of the San Francisco Board of Supervisors.

Culver City

Culver City's Measure RE was approved in November 2020. It authorized an increase to the established property transfer tax from a flat rate of 0.45 percent to: 0.45 percent on amounts of \$1,499,999 or less; 1.5 percent on amounts of \$1.5 million to \$2,999,999; 3 percent on amounts of \$3 million to \$9,999,999; 4 percent on amounts of \$10 million or more, and 0.45 percent on sales of 100 percent affordable housing. The Measure generates an estimated \$6 million per year for essential services including parks, street maintenance, addressing homelessness, youth services, senior services, and economic recovery.

At this time, this Office is unaware of any pending amendments to Measure RE.

Santa Monica

Santa Monica's Measure GS was approved in November 2022. It amended the Santa Monica Municipal Code to provide a third tier property transfer tax rate at 5.6 percent for property transfers of \$8,000,000 or more, providing an estimated \$50,000,000 annually. Funds are designated for schools, homelessness prevention, and affordable housing. The Measure also created an eleven-member resident oversight committee to advise the Santa Monica City Council on expenditure of the funds. Prior to the Measure, there were only two tiers of property transfer tax rates: 0.3 percent for transactions under \$5 million, and 0.6 percent for transfers \$5 million and above.

At this time, this Office is unaware of any pending amendments to Measure GS.


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