Communication from Public

Name: George Papanikolas
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Comments for Public Posting: Los Angeles City Clerk, I am writing to urge the City Council to advance meaningful reforms to Measure ULA before the damage it is causing becomes even more severe. The City cannot continue treating housing providers and developers like an endless public subsidy program expected to absorb every social and fiscal problem created by bad policy. Apartment owners and builders are not charities, welfare agencies, or unlimited revenue sources for City Hall. They are the people actually financing, constructing, maintaining, insuring, repairing, and operating the housing stock that Los Angeles depends on. Instead of encouraging investment and new housing production, Measure ULA punishes it. 1. Measure ULA is blocking the construction of desperately needed housing. The tax applies to newly built apartment buildings the same way it applies to long-held speculative assets, which is fundamentally irrational public policy. The City is effectively penalizing the exact people willing to take the financial risk of building new housing during a housing crisis. Research estimates that Measure ULA is resulting in approximately 1,900 fewer apartment units permitted annually in Los Angeles, including at least 168 fewer affordable units every year. That means the measure is actively reducing housing production faster than the tax revenue can replace it. The solution is straightforward: exempt newly constructed residential and commercial properties from the tax for the first 15–20 years after Certificate of Occupancy. If the City truly wants more housing, it must stop punishing those who build it. 2. Measure ULA is driving investment and development out of Los Angeles. Since the measure took effect, sales activity for higher-value properties within the City of Los Angeles has collapsed far beyond what surrounding cities experienced under the same economic conditions. High interest rates and construction costs exist everywhere in Southern California. What does not exist everywhere is an additional punitive transfer tax that makes Los Angeles uniquely hostile to investment. Capital is mobile. Developers and investors are simply choosing to build, buy, and reinvest outside the city limits instead. That means fewer housing units, fewer construction jobs, less economic activity, and a weaker long-term tax base for Los Angeles. The City Council should reduce the transfer tax burden on apartment buildings,

mixed-use projects, and commercial properties before even more investment permanently leaves the city. 3. Measure ULA may ultimately be destroying more public revenue than it creates. Every property sale triggers reassessment and generates higher ongoing property tax revenue for local government and public schools. When transactions stop happening, those reassessments disappear. Research estimates that for every dollar generated through Measure ULA, the region may lose between 63 cents and $1.38 in broader property tax revenue. In other words, the City may be shrinking its long-term tax base in exchange for short-term transfer tax collections. At a time when Los Angeles faces structural budget deficits, deteriorating infrastructure, and public services under strain, discouraging investment and suppressing property values is economically self-destructive. These problems are fixable, but only if City leadership is willing to acknowledge reality instead of continuing to treat housing providers as political scapegoats and developers as public utilities expected to endlessly subsidize failed housing policy. I urge the Council to move forward with serious reform that protects housing production, stabilizes investment, and preserves the City's long-term economic health. Thank you for your time and consideration. George Papanikolas georgepapanikolas@gmail.com Los Angeles, CA 90046