



Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R26-0374
JUN 26 2026

REPORT RE:

DRAFT BALLOT MEASURE TO EXEMPT SALES OF NEWLY CONSTRUCTED MULTIFAMILY AND MIXED-USE RESIDENTIAL PROJECTS FROM THE PROPOSITION ULA DOCUMENTARY TRANSFER TAX, EXPAND THE ALLOCATION USES OF HOUSE LA PROGRAM FUNDS FOR HOMELESS PREVENTION PROGRAMS AND SERVICES, TO INCLUDE INTERIM HOUSING, AND REPLACE THE SEAT-BY-SEAT APPOINTMENT CRITERIA FOR THE CITIZEN OVERSIGHT COMMITTEE; AND DRAFT BALLOT RESOLUTION AND ELECTION ORDINANCE PLACING THE BALLOT MEASURE ON THE NOVEMBER 3, 2026 BALLOT

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 26-1100-S10

Honorable Members:

On June 17, 2026, the City Council requested this Office to prepare the documents necessary for a ballot measure to (1) expand Proposition ULA's existing documentary transfer tax exemptions to include an exemption for newly constructed multifamily and mixed-use residential projects that are sold within ten years of their completion of construction; (2) expand the allocation uses of House LA Program funds for Homeless Prevention Programs and Services, to include interim housing; (3) add an additional means to remove members of the Citizen Oversight Committee (COC); and (4) replace the seat by seat appointment criteria to fill a vacancy in the COC in favor a non-seat specific broad housing experience selection approach. This Office hereby



transmits the draft ballot resolution and election ordinance necessary to place the measure on the ballot at the City's General Municipal Election to be held on November 3, 2026. We have approved the draft ballot resolution and election ordinance as to form and legality.

Summary of the Measure's Provisions

Proposition ULA added a new special documentary transfer tax (ULA Tax), subject to certain exemptions, on all properties sold for more than \$5 million and added provisions to govern the City's use and oversight of the ULA tax proceeds collected. The ULA Tax provisions are incorporated into Article 1.9 of Chapter II of the Los Angeles Municipal Code (LAMC). The use and oversight provisions of Proposition ULA are included in the Los Angeles Administrative Code (LAAC) under new Article 9. The proposed measure seeks to amend both.

This ballot measure proposes to add a new Section 21.9.18 to Article 1.9 of LAMC that would exempt, from the ULA Tax, the sale of newly constructed multifamily and mixed-use residential projects, whether or not used for affordable housing, that occurs within ten years from the completion of construction. Newly constructed projects are those that are built on previously undeveloped land or a conversion of a non-residential building to a multifamily or mixed-use project with more than five dwelling units.

Separately, the measure also amends various applicable provisions within Article 9 of Chapter 24, Division 22 to (1) expand the allocation uses of House LA Program funds for Homeless Prevention Programs and Services to include for interim housing (Allocation Expansion); (2) add an additional means to remove members of the COC in manner that is consistent with Section 502(d) of the Charter (Member Removal); and (3) replace the seat by seat eligibility requirements to fill a vacancy in the COC in favor a non-seat based broad housing experience selection approach (Vacancy Appointments).

For Allocation Expansion, the measure adds the concept of interim housing and interim housing services for which ULA proceeds may be spent. Interim housing encompassing places that provide provisional sleeping or room accommodations, whether or not food or is providing, including crisis housing, bridge housing, recuperative care housing, hotels, motels, hostels, adult residential facilities, and other sites that are converted into interim housing. The amendment permits the 30% that is currently allocated but divided within Proposition ULA's Homeless Prevention Program on a percentage-by-percentage basis to be potentially allocated entirely to interim housing programs, while also providing flexibility to maintain existing funding levels in whole or in part to the listed categories within the Homeless Prevention Program .

Provisions concerning Member Removal and Vacancy Appointments pertain to provisions under Article 9 for the COC. Presently, Proposition ULA limits the removal of members of the COC based on “Cause,” which includes, amongst others, systemic absences, failing to disclose conflicts of interest, failure to perform, and lack of decorum during meetings. The Member Removal provision amends Section 22.618.6(d)(6) and adds an additional means to remove a member of the COC in alignment with Section 502(d) of the Charter, which allows the COC members to be removed by the Mayor without Council confirmation.

Presently, COC members are appointed on a seat-by-seat basis based on certain related listed experiences of five years or more. The initial members, who occupy the seat, sit for abbreviated terms of one year to three years, depending on the seat number their appointment relate, before the seat is eligible for a five-year term, once vacant.¹ The Vacancy Appointment provisions replaces the seat-by-seat appointment criteria approach for new vacancies, in favor of a broad selection criteria based on five years of affordable housing, low-income, or homeless lived experience without regard to which seat becomes vacant. The allowance for reappointment of a COC member for an unlimited number of terms, provided eligibility requirements are met, remains unchanged.

The City Administrative Officer, under a separate cover, will provide an estimate of the amount of ULA tax revenue that may not be collected as a result of the multifamily and mixed-use exemption.

Voter Approval and Election Requirements

The ballot measure requires the approval of a majority of the voters of the City of Los Angeles to be adopted.

City Election Code Section 601 requires that final resolutions to place a measure on the ballot must be adopted no less than 110 days before the election. For the November 3, 2026 election, in light of Council’s recess schedule, the deadline for the City Council to adopt the resolutions containing the final language of the Charter amendments is July 1, 2026.

Separately, the City Council requested advice on whether it could make this proposed measure contingent on the Howard Jarvis Taxpayers Association withdrawing its statewide measure. The City Election Code’s July 1 deadline for placing measures on the November ballot comes after the deadline for withdrawal of statewide initiatives from the November ballot, which is June 25. Further, last night, the transfer tax-related statewide initiative sponsored by the Howard Jarvis Taxpayers Association was

¹ Currently, all but two of the voting members of the COC are currently serving the first five-year term. One member is expected to be reappointed to begin serving the first five-year term. The other member position is expected to be vacant and in need of an appointment.

withdrawn from the November 3, 2026 ballot after the Governor and State legislature placed a new measure (Assembly Constitutional Amendment No. 22 or ACA 22) on the same ballot. Presently, the California Constitution conditions the imposition of a special tax by a local government, including by a City Council-sponsored initiative, upon the approval of 2/3 of the voters of the local government voting on that tax.

The Supreme Court of California has interpreted this provision and other provisions restricting the authority of local governments to impose, extend, or increase taxes as not restricting the authority of voters to impose taxes via initiative by simple majority vote. See *California Cannabis Coalition v. City of Upland* (2017) 3 Cal.5th 924, 935. If adopted, ACA 22 would supersede the *Upland* decision to similarly condition citizen-led ballot initiatives imposing a special tax upon the approval of 2/3 of the voters. Separately, ACA 22 states that it would become operative on January 1, 2027, so we believe that there is no argument that this measure would apply to any special taxes that were approved prior to that date, including Measure ULA and the pending special sales tax increase to support the Los Angeles Fire Department.

While the relevant statewide ballot measure has been withdrawn from the November ballot, for the sake of a complete answer to City Council's original request, the City also has until August 12 to withdraw any City measure it has placed on the November ballot so no contingency language is necessary.

CEQA

This Office recommends that you determine that this measure, which is to be presented for the November 2026 ballot, is exempt from the California Environmental Quality Act (CEQA) under CEQA Guidelines sections 15378(b)(5) (organizational or administrative activities of governments) and 15061(b)(3) (common sense exemption).

Rule 38 Referral

A copy of the draft ballot measure has been presented to the Office of the City Administrative Officer, the Chief Legislative Assistant, the Office of Finance, and the Los Angeles Housing Department pursuant to Council Rule 38, with a request that all comments, if any, be presented directly to the City Council when it considers this matter.

If you have any questions regarding this matter, please contact Assistant City Attorney Charles Hong at (213) 978-7700 or the undersigned at (213) 978-7100. A member of this Office will be available when you consider this matter and answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By



MICHAEL J. DUNDAS
Chief Assistant City Attorney

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Transmittal