HOUSING

MOTION

In most of California, multi-family housing developers overwhelmingly choose to build rental apartments instead of condominiums, for-sale townhomes, rowhomes and other housing typologies. This is a serious issue as condominiums historically provided accessible pathways to homeownership for first-time buyers, working- and middle-income residents priced out of the single family home market, or those who prefer more densely populated living styles.

The steep decline in for-sale condominium development exists because rental housing is significantly cheaper, faster, and less risky to build due to structural market advantages. For example, rental developments pay roughly 300% to 400% less in commercial general liability insurance premiums ($4–$6 per $1,000 of construction costs for rentals versus $16–$20 per $1,000 for condos).[1]

Additionally, and under the City's purview, are standing impact fees, such as the Affordable Housing Linkage Fee, Quimby/Park Fees, and Subdivision Mapping Fees, exacerbate this cost gap by adding tens of thousands of dollars per unit in upfront expenses, further disincentivizing for-sale housing production. A 2021 report by the UCLA Lewis Center for Regional Policy Studies confirms that collecting high municipal impact fees early in the development process drives up total financing costs and restricts housing production.[2]

The City should explore its authority to establish a fee deferral program that changes when impact fees (such as park fees, linkage fees, and infrastructure fees) are collected. Instead of requiring upfront payment at building permit issuance when financing costs are highest, the City can allow developers to pay at a later date, such as at certificate of occupancy.

I THEREFORE MOVE that the City Administrative Officer, with assistance from the Department of City Planning, Department of Recreation and Parks, Los Angeles Housing Department, Department of Building and Safety, Bureau of Engineering, Office of Finance, and other relevant departments, to report back within 90 days on City fees and exactions applicable to small-scale for-sale housing, including park fees, the Affordable Housing Linkage Fee, subdivision and mapping fees, and other applicable development fees, and identify options to establish exemptions, reductions, credits, deferrals, proportional fee structures, or other modifications for qualifying small-scale ownership projects.

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[1] California YIMBY, "The Legal Trap That's Making California Condos Unaffordable (And It's Not What You Think)," October 7, 2025, https://cayimby.org/blog/the-legal-trap-thats-making-california-condos-unaffordable-and-its-not-what-you-think/.

[2] Reducing Development Costs with Impact Fee Deferral https://lewis.ucla.edu/research/reducing-development-costs-with-impact-fee-deferral/

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I FURTHER MOVE that the report should specifically evaluate fiscal impacts of any recommendation. City fees that result in a housing development being assessed additional charges solely because the homes are subdivided or established as condominiums for individual ownership, and recommend fiscally responsible changes that would avoid discouraging ownership housing relative to otherwise comparable rental development.

I FURTHER MOVE that the City Administrative Officer, with assistance from the Office of Finance and other relevant departments, evaluate the potential fiscal and economic benefits of facilitating additional individually owned homes, including the long-term property-tax implications of converting a single property into multiple separately transferable lots or condominium units, as well as other potential economic benefits.

PRESENTED BY: ____________________
KATY YAROSLAVSKY
Councilwoman, 5th District

PRESENTED BY: ____________________
ADRIN NAZARIAN
Councilmember, 2nd District

SECONDED BY: ____________________

ORIGINAL