December 6, 2025

TO: THE HONORABLE MEMBERS OF THE L.A. HEALTH COMMISSION

RE: ITEM 2 on the December 7, 2025 Meeting Agenda

Dear Commissioners:

My name is Michael Soloff and I have listened to the portion of your July 14, 2025 meeting at which Shane Phillips and Jason Ward discussed with the Commission their study of the initial impact of Measure ULA on certain real property transactions. I also have reviewed the underlying Lewis Center paper by Ward & Phillips. I am writing to bring to your attention various aspects of Measure ULA's programming that—while mentioned in passing—were not discussed in any meaningful way on July 14 *but in fact are critical to this Commission's health protection mandate*; namely, the homelessness prevention programs funded by Measure ULA. I further am writing to explain why Phillips and Ward failed to make a convincing policy case (let alone a *health policy* case) to take money away from Measure ULA's critical programing by exempting all multi-family properties for 15 years after construction, *even assuming the Ward & Phillips analyses of the purported impact of Measure ULA on market-rate housing construction are fully accurate and predictive of the future* (an assumption that is vigorously disputed by other academics).[1]

By way of personal introduction, I am a Magna Cum Laude graduate of both Brown University and Harvard Law School (I apologize that I have no UCLA or USC connection 😊). Although I am a resident of Santa Monica, I have practiced law for the last 40+ years out of my law firm's offices in downtown Los Angeles. While most of my practice has involved the representation of large corporations, over the past close to 20 years I have devoted approximately 20% of my working-time to providing *pro bono* (i.e., free) legal services primarily to lower income renters in the City of Los Angeles, or to tenants' rights and legal services organizations assisting lower income L.A. renters. I or my law firm have received awards for this *pro bono* work from the Legal Aid Foundation of Los Angeles (2011), the Legal Services Corporation in Washington D.C. (2012), Bet Tzedek Legal Services (2014), the State Bar of California (2015), the Daily Journal Corporation (2018), and Public Counsel (2016, 2021, 2023). All of the opinions expressed in this letter are my personal opinions only, and not those of my law firm, any of its past or current clients, or any other organization (including United to House LA or any of its member organizations).

In addition, I am one of the official proponents of (and together with my wife the principal funder of the signature gathering and electoral campaigns for) 2022 Santa Monica Measure GS, a successful citizens' initiative imposing a new transfer tax to raise funds for the public schools, for emergency and ongoing rent subsidy programs, and for the creation of deed-restricted

[1] *See* Bonett, G., Breidenbach, J., Cummings, S., Drier, P., Freer, R., Ling, J., Sharma, D. Tilly, C. & Wander, M., "*Major Research Flaws Undermine Authors' Bold Claims: Unpacking the Debate on Measure ULA*" (Sep. 2025), available at https://www.oxy.edu/about-oxy/community-engagement/uepi/publications/ula-report-2025.

affordable housing. I currently serve as the Chair of the Santa Monica Measure GS Resident Oversight Committee. Previously, from 2014 to 2021, I served on the Santa Monica Housing Commission (including as Chair). I (again with my wife) also was a leading campaign funder and advocate for 2016 Santa Monica Measure GS, a successful ballot measure to increase the sales tax to raise funds for the public schools, for rent-subsidy programs, and for deed-restricted affordable housing creation. Again, all opinions expressed in this letter are my personal opinions only, and not those of any of these organizations.

I. EXECUTIVE SUMMARY

There can be no dispute that there is a severe rent burden crisis among lower income California households, and that this crisis is a major contributor to the homelessness crisis.

Not surprisingly, these crises have severe negative health consequences. For example, a 2024 study by researchers from Princeton and the U.S. Census Bureau using nationwide data from 2000 through 2019 found that—compared to a rent burden of 30%—a rent burden of 50% is significantly associated with *9% higher mortality*, and a rent burden of 70% is significantly associated with *12% higher mortality*. That same study found that simply receiving an eviction notice is significantly associated with *a 19% increase in mortality*, and an actual judgment of eviction is significantly associated with *a 40% increase in mortality overall (and with a 27% increase among those most at risk of eviction*, and who therefore likely already faced the highest baseline mortality rates). Other studies show that homelessness has profound negative impacts on health and mortality, and that those negative impacts have steadily increased during the period from 2011 to 2020.

Measure ULA funds many programs that directly address these drivers of severe negative health outcomes. These programs include (1) income support for rent-burdened extremely low and very low renter households that include a senior or disabled person and are at risk of homelessness, (2) emergency rental assistance for extremely low and very low-income households at risk of homelessness, (3) legal representation for low income households in connection with eviction actions, including funds to settle cases, (4) education regarding—and enforcement of—the Los Angeles Tenant Anti-Harassment Ordinance, and (5) general tenant education and outreach. Measure ULA also funds programs to create and preserve deed-restricted affordable housing.

In their Lewis Center paper, and in their presentation on July 14 to this Commission, Phillips & Ward asserted that they had shown that applying Measure ULA during the first 20 months of ULA's operation to sales of multi-family housing that is less than 15 years old resulted in an annualized loss of both some 100 net affordable housing units, as well as more than 1700 market rate units. Ward & Phillips asserted that this established a convincing policy case to exempt such sales. But that is not a correct conclusion, particularly from a *public health perspective*, even assuming that their analyses of the purported impact of Measure ULA on market-rate housing construction are fully accurate and predictive of the future (which, as noted, is vigorously disputed by other academics).

First, the cost-benefit analysis presented by Ward & Phillips is not accurate. In particular, Ward & Phillips are wrong when they assert that the creation of 72 affordable housing units per year

properly represents the only benefit of the $29 million per year initially raised by Measure ULA's tax on multi-family housing during the first 15 years after construction, and that therefore the benefit of Measure ULA is clearly outweighed by the purported loss of 168 inclusionary housing units, as well as more than 1700 market rate units:

1. Using online data regarding the performance to date of various homelessness prevention programs funded by Measure ULA, and accepting only for the moment the methodology Ward & Phillips used to calculate the affordable housing units Measure ULA can generate with funds devoted to that purpose (but see point 2 below), a more accurate (albeit still rough) estimate of the benefit of the additional $29 million per year generated by Measure ULA's tax on multi-family projects within 15 years after construction is (1) the creation of 50 deed-restricted affordable housing units (70% of Ward & Phillips' estimate that using all $29 million would create 72 such units), (2) the provision of a $20,000 lump sum income support payment to 133 households (75% extremely low income and 25% very low income) that include a senior or a person with a disability and that is at risk of homelessness, (3) the provision of emergency rental assistance to 188 extremely low-income households at risk of homelessness, (4) the provision of full scope legal representation to 1,221 lower-income households facing an eviction action, (5) the empowerment of 1,455 households to file tenant harassment complaints with the City, and (6) public education campaigns that would reach numerous other renter households.

It also is worth noting that all of these additional programs not only are critical lifelines for the members of the assisted renter households, but they also save the City, the County and the School District money by preventing homelessness. Based on a 2019 study cited by the City Council in its motion that led to the creation in April 2025 of a right to counsel program to be funded by Measure ULA, a rough estimate of the one-time savings (using the estimated number of households served set out above) is $11.5 million each year.

2. The Ward & Phillips methodology for calculating the number of deed-restricted affordable housing units that will be generated by any funds Measure ULA devotes to those purposes is wrong, and results in a serious underestimation of the number of deed-restricted affordable housing units that Measure ULA either will create or keep in service.

In particular, the Ward & Phillips paper bases this calculation on the express assumption that no public subsidy other than Measure ULA funding would be available to create these units. The paper purports to justify this assumption by predicting that it is "extremely unlikely" that there will be any increased State or federal funding for affordable housing creation. But this prediction already has been proven wrong. Just a few months after the Ward & Phillips paper was released, the federal government *did* significantly expand such funding by (1) increasing by 12% the total of 9% Low Income Housing Tax Credits available, and (2) cutting in half the portion of a project's cost that must be financed by tax free bonds in order to qualify for the otherwise unlimited 4% Low Income Housing Tax Credits (which could effectively double the number of projects able to receive those tax credits). Thus, contrary to Ward & Phillips' assumption, Measure ULA will be providing critical—but much lower—gap financing amounts to projects seeking to take advantage of this new supply of Low Income Housing Tax Credits.

Moreover, Ward & Phillips' assumption regarding the amount Measure ULA will have to pay per affordable housing unit created or preserved (1) fails to consider that projects funded under Measure ULA's Alternative Models program can include up to 20% *market rate units*, which could dramatically lower the amount of ULA funds per unit that is required, and (2) fails to consider that several of Measure ULA's programs allow or require using funds to acquire and/or rehabilitate—or to otherwise keep in service—existing deed-restricted and naturally occurring affordable housing that is at risk of being lost, all of which is less expensive than building new units.

3. The Ward & Phillips analysis also fails to consider the fact that the affordable housing units created or preserved under Measure ULA's programs likely will better serve the Measure's homelessness prevention and tenant protection goals than will inclusionary affordable housing units. Measure ULA units will include (and indeed, already have included) permanent supportive housing units (which are needed to address homelessness), units where tenants are empowered to help govern the project, and extremely low income units (which also are needed to address homelessness). By contrast, inclusionary units in market rate projects are never permanent supportive housing units, are never units where the tenants are part of project governance, and—at least in those instances where the source of the inclusionary requirement is State density bonus law—are not extremely low income units (although projects taking advantage of certain City density bonus programs do have to provide some extremely low income units).

4. Even the most ardent proponents of deregulating private sector housing development in order to increase the overall supply of housing (such as the McKinsey Global Institute or Jenny Schuetz of the Brookings Institution) readily acknowledge that direct government intervention is necessary to address this lower-income rent burden crisis—and so to prevent the economic-based portion of California's homelessness crisis. The validity of this conclusion is illustrated by the fact that the incidence of rent burden and severe rent burden among lower income households in Houston, Texas (a city *without zoning*) is only marginally better than it is in Los Angeles. Ward & Phillips do not meaningfully support any contrary conclusion.

In short, Ward & Phillips have not presented a convincing cost-benefit analysis in support of taking action to override the voter approved terms of Measure ULA. On the contrary, from a *public health perspective*, it is far more important to maintain Measure ULA's funding of homelessness prevention programs.

Second, even if Ward & Phillips had presented a credible and convincing case that some remedial action is required, they have not presented to date a convincing policy case for simply taking revenue away from Measure ULA's desperately needed programs by exempting sales of multi-family property for 15 years after construction. In particular, Ward & Phillips fail even to consider, let alone analyze, other options that would *not* take away Measure ULA revenue. Such options include, at a minimum, the State (1) paying rebates (directly, or through credits against other State taxes) to the sellers of properties it wants to incentivize (e.g., developers of new multi-family housing), or (2) suspending the Measure ULA tax on transactions it wants to incentivize on the condition that the State deposits into the House LA Fund the amount of

revenue Measure ULA was projected to raise if the suspended portion of the tax had remained in place. If the Lewis Center paper by Manville & Smith (referenced by Ward & Smith) is to be believed, the cost to the State of these approaches would be offset by new property tax revenues. A further option would be to adopt other incentives for desired transactions to proceed while still paying the Measure ULA transfer tax. For example, Santa Monica—after discussion with multi-family housing developers—just adopted a pilot offsite affordable housing option and a local density bonus law that it believes will allow approved projects to proceed in the face of the current headwinds created by high interest rates, tariff issues, and construction labor issues, and to do so in contemplation of paying the Measure GS transfer tax (5% on all sales of properties for $8 million or more). Certainly no one should move forward on implementing Ward & Phillips' proposed reduction of homelessness prevention funding under any circumstances without first considering and evaluating these additional options.

This is especially true because there is a longstanding lack of adequate State funding to address the rent burden and homelessness crises. During the past 20 years, the highwater mark for State spending on affordable housing and homelessness (as a percentage of overall State spending) was during the period prior to the elimination of redevelopment in 2011. Even that level of spending was inadequate, as both rent burden among lower income households and homelessness already had reached crisis proportions. Nevertheless, for the next seven years the State reduced by some 80% its spending on affordable housing and homelessness. And while the State substantially increased spending on affordable housing and homelessness during the period from FY 2018-19 through FY 2023-24, (1) on average that increased spending only approached, but did not quite reach, the same share of overall State spending as had existed during the period prior to elimination of the redevelopment program, and (2) it did not do anything to make up for the massive State disinvestment during FY 2011-12 through 2017-18. The last two budget cycles have not improved the situation.

In short, Measure ULA is providing a large ongoing source of funding for critical programs to address rent burden, prevent evictions, prevent eviction judgments and prevent homelessness. Given the significant public health benefits of these programs, and the lack of alternative funding sources, there is no current policy case for this Commission to support imposition of the exemption from ULA that Ward & Phillips have advocated.

II. THE DETAILED EXPLANATION OF WHY NO CONVINCING POLICY CASE HAS BEEN MADE FOR OVERRIDING MEASURE ULA'S VOTER APPROVED TERMS

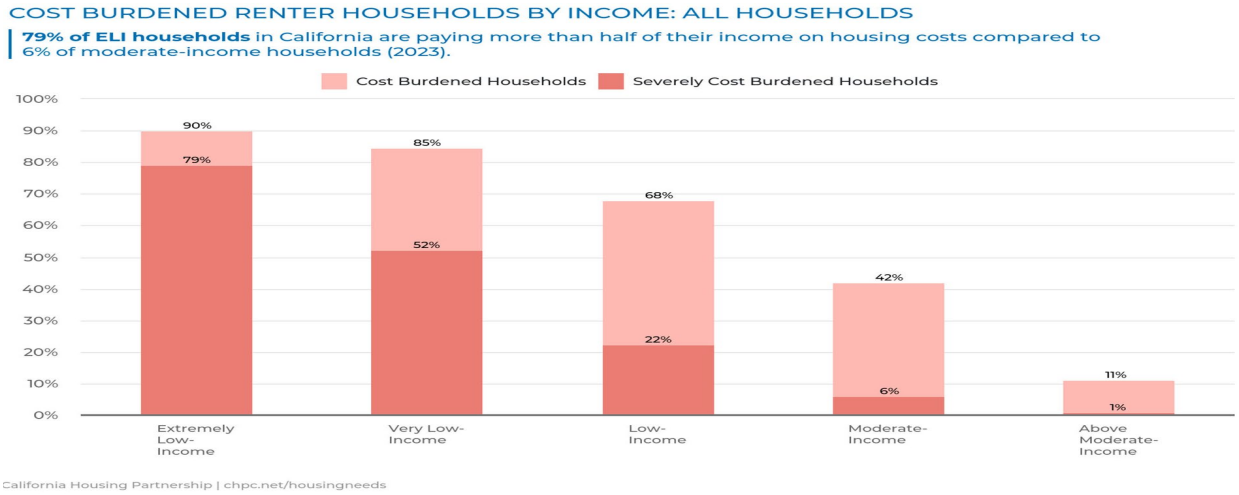
A. Lower Income Californians Face A Rent Burden Crisis That Helps Drive The Homelessness Crisis

California renter households are facing a rent burden crisis. For example, in the Los Angeles-Long Beach-Anaheim metropolitan statistical area, 56.4% of all renter households are cost-

burdened (i.e., pay more than 30% of their income for rent and utilities), and 31.1% are severely cost-burdened (i.e., pay more than 50% of their income for rent and utilities).[2]

It is important to recognize, however, that these problems are not spread equally among "all income levels". Rather, these problems are heavily concentrated among—and have the most negative consequences for—lower income households.

First, the incidence of rent burden—and even more dramatically the incidence of severe rent burden—is heavily concentrated among lower income households (as demonstrated by the following chart prepared by the California Housing Partnership[3]):



[2] *See* Joint Center for Housing Studies of Harvard University, "*Renter Cost Burdens Hit Another Record High*" (Jun. 24, 2025), available at https://www.jchs.harvard.edu/son-2025-renter-cost-burden-map.

[3] Available at https://chpc.net/housingneeds/?view=37.405074,-119.26758,5&county=California&group=housingneed&chartgroup=cost-burden-parent|current&chart=shortfall|current,cost-burden-all|current,cost-burden-oa|current,cost-burden-yc|current,cost-burden-re|current,cost-burden-re-inc,homelessness,overcrowding,overcrowding-ten,tenure-re,historical-rents,vacancy,asking-rents|2024,budgets|2023,funding|current,state-funding,multifamily-production,lihtc|2010:2024:historical,rhna-progress|5. Extremely Low Income households have incomes that are 30% or less of the area median income ("AMI"); Very Low Income households have incomes that are more than 30% and up to 50% of AMI; Low Income households have incomes that are more than 50% and up to 80% of AMI; Moderate Income households have incomes that are more than 80% and up to 120% of AMI; and Above Moderate Income households have incomes that are more than 120% of AMI. *See* California Housing Partnership, "*Methodology Documentation: Quantifying Housing Needs in California*" at 33-35 (May 2025), available at https://chpc.net/wp-content/uploads/2025/04/Housing-Needs-Dashboard-Methodology-2025.pdf.

Second, the negative impact of rent burden and severe rent burden (which are based on the percentage of income spent on rent and utilities) *is greater* the lower the income of the household (as the Southern California Association of Governments has explained (italics added)):

> the conditions of cost-burden have disproportionate impacts on lower income households. For example, a lower income household paying 40 percent of their income on housing *has less remaining income available for other costs* than that of a higher income household that spends the same percentage on housing. *The lower the income of the household the more impact overpaying on household costs becomes*.[4]

Thus, as the Joint Center on Housing Studies of Harvard University has recently explained (italics added):

> Such tight budgets force financially vulnerable renters to make dreadful choices. Center tabulations of the 2022 Consumer Expenditure Survey indicate that severely cost-burdened renter households in the lowest expenditure quartile *spent 39 percent less on food and 42 percent less on healthcare* than their unburdened counterparts. Others may end up living in overcrowded or structurally inadequate conditions, threatening their health and well-being.[5]

Third, it is the rent burden and severe rent burden facing lower income households (especially the lowest income households) that is a major contributing cause of California's homelessness crisis. For example, a 2023 Statewide study conducted by UC San Francisco concluded that, with respect to the 80% of those experiencing homelessness who did not enter homelessness directly from an institutional setting:

> "Homelessness is inextricably linked to deep poverty. The median monthly household income preceding homelessness was $960 ($1400 for leaseholders and $950 for non-leaseholders)."
>
> "Precarious living situations often precede homelessness; 60% of participants in non-institutional settings prior to homelessness were not on a lease agreement."
>
> For these non-leaseholders, 57% were not paying any rent. Of the 43% of non-leaseholders who paid rent, 57% were rent burdened, including 41% who were severely rent burdened.

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[4] 8/2/19 SCAG Staff Report entitled "*6th Cycle RHNA (Regional Housing Needs Assessment: Proposed Allocation Methodology for Public Comment*" at p. 9; *accord* Joint Center for Housing Studies of Harvard University, "*America's Rental Housing 2024*" at p. 3 (2024). available at https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2024.pdf.

[5] Joint Center for Housing Studies of Harvard University, "*America's Rental Housing 2024*" at p. 5 (2024). available at https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_Americas_Rental_Housing_2024.pdf.

> For the 40% of participants in non-institutional settings prior to homelessness who had a lease, 10% did not pay any rent. Of the 90% of leaseholders who paid rent, 66% were rent burdened, including 42% who were severely rent burdened.
>
> "Leaseholders reported that an economic reason contributed to their homelessness more often than non-leaseholders. Non-leaseholders were more likely to report a social reason. However, participants spoke to structural conditions (e.g., high housing costs, crowded housing, low-income, etc.) that preceded the social reasons."
>
> "Most participants believed that interventions that provided financial assistance could have prevented their homelessness. Participants overwhelmingly believed that shallow monthly subsidies, a lump-sum payment, or rental assistance that reduced rental burdens would have been effective."[6]

In short, both the incidence and negative impacts of rent burden in California (including the risk of homelessness) are heavily concentrated among lower income households.

B. California's Rent Burden And Homelessness Crises Have Severe Negative Health Consequences For Lower Income Households

Not surprisingly, research has demonstrated that the rent burden and homelessness crises have severe negative health consequences.

For example, a 2024 study by researchers from Princeton and the U.S. Census Bureau using nationwide data from 2000 through 2019 found that—compared a rent burden of 30% (the highest amount before a household is labeled "rent burdened"—a rent burden of 50% (the highest amount before a household is labeled "severely rent burdened") is significantly associated with *9% higher mortality*, and a rent burden of 70% (well into the "severely rent burdened" category) is significantly associated with *12% higher mortality*.[7]

That same 2024 study further found that simply receiving an eviction notice is significantly associated with a *19% increase in mortality*, and an actual judgment of eviction is significantly

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[6] *See* UCSF, "*Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness*" at pp. 32-33, 49 (June 2023), available at https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf.

[7] *See* Graetz et al., "*The impacts of rent burden and eviction on mortality in the United States, 2000-2019*," 340 Social Science & Medicine 116398 at 6 (2024) ("In a study matching millions of housing court records to decennial census, survey, and administrative data, we found that rent burden and eviction events were significantly associated with higher mortality risk."), *available at* https://www.sciencedirect.com/science/article/pii/S0277953623007554?via%3Dihub.

associated with a *40% increase in mortality overall (and with a 27% increase among those most at risk of eviction*, and who therefore likely already faced the highest baseline mortality rates).[8]

Other studies show that homelessness has profound negative impacts on health and mortality, and a 2024 study of 22 localities in 10 States (including Los Angeles County) found that all-cause mortality among the homeless increased 238% during the period from 2011 to 2020.[9]

C. Measure ULA Funds Many Programs That Directly Address The Drivers Of The Severe Negative Health Outcomes Associated With The Rent Burden And Homelessness Crises

Measure ULA funds many programs that directly address the rent-burden, eviction, and homelessness drivers of severe negative health outcomes. These programs include (1) income support for rent-burdened extremely low and very low renter households that include a senior or disabled person and are at risk of homelessness, (2) emergency rental assistance for extremely low and very low-income households at risk of homelessness, (3) legal representation for low income households in connection with eviction actions, including funds to settle cases, (4) education regarding—and enforcement of—the Los Angeles Tenant Anti-Harassment Ordinance, and (5) general tenant education and outreach.

In particular, per an online dashboard, Measure ULA's Emergency Renters Assistance Program (which is to receive 4.6% of revenues raised[10]) as of August 2025 had provided $30.6 million to cover unpaid rent for 4,321 households (virtually all of whom are extremely low income) who were at risk of homelessness due to a one-time economic shock, for an average grant amount of $7,091 per household.[11] Per another online dashboard, Measure ULA's Income Support Program (which is to receive 9.2% of revenues raised[12]) as of August 2025 had provided grants of $20,000 to 494 rent-burdened households with either a senior or a disabled person as a

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[8] *See id*.

[9] *See* Fowle, M. & Routhier, G., "*Mortal Systemic Exclusion Yielded Steep Mortality-Rate Increases In People Experiencing Homelessness, 2011–20*", Health Affairs 43, NO. 2, 226–233, at 226, 228-29 & ex.2, available at https://www.healthaffairs.org/doi/epdf/10.1377/hlthaff.2023.01039.

[10] *See* L.A. Admin. Code § 22.618.3(d)(2)(i).a (5% of the 92% of revenues raised is for short-term emergency assistance as described therein).

[11] *See* "Paid-Out Applications" tab on Los Angeles Housing Department's "ULA Emergency Renters Assistance Program (ERAP)" dashboard, available at https://housing.lacity.gov/ula-emergency-renters-assistance-program-erap.

[12] *See* L.A. Admin. Code § 22.618.3(d)(2)(i).b (10% of the 92% of revenues raised is for income support for rent-burdened at-risk seniors and persons with disabilities as described therein).

member and that are at risk of homelessness (75% of whom are extremely low income households, and 25% of whom are very low income households).[13]

The Los Angeles Housing Department also reports that Measure ULA funded "eviction protection legal services" for nearly 16,000 households during its first two years of operation.[14] Measure ULA sets aside 9.2% of revenues for a right-to-counsel program.[15] As this set aside equaled $29.25 million based on the City Council approved spending plan for the first two years of ULA's operation,[16] it implies (assuming all of those funds were spent) that it cost on average approximately $1,830 per household to provide these "eviction protection legal services". Going forward, Measure ULA is slated to fund the right-to-counsel program for lower income tenants facing an eviction action (or facing a proceeding to terminate a rental subsidy) that was adopted by the City Council earlier this year.[17] A study of the potential costs and benefits of such a program that was performed in 2019 (which the Legislature cited in its findings in 2021 when it passed AB 1487[18], and which also was cited in the original 2023 motion that ultimately led to the

[13] *See* Los Angeles Housing Department's "ULA Interim Income Support Program" dashboard, available at https://housing.lacity.gov/ula-income-support.

[14] *See* Los Angeles Housing Department, "*Celebrating Two Years of ULA: A Milestone in Affordable Housing and Tenant Resources*", available at https://housing.lacity.gov/articles/celebrating-two-years-of-ula-a-milestone-in-affordable-housing-and-tenant-resources.

[15] *See* L.A. Admin. Code § 22.618.3(d)(2)(ii).a (10% of the 92% of revenues raised is for a right-to-counsel program).

[16] *See* Los Angeles Housing Department, "*FY 2025-26 ULA Expenditure Plan*" at slides 3-4 & 7 (indicating spending plan for first two fiscal years equaled $317.93 million in total, and that "Eviction Defense & Prevention" program received in the aggregate over those two years its prescribed in allocation under Measure ULA), available at https://cityclerk.lacity.org/onlinedocs/2023/23-0038-S7_MISC_6-25-25.pdf.

[17] *See* L.A. City Ordinance 188681, available at https://cityclerk.lacity.org/onlinedocs/2018/18-0610-S3_ord_188681_08-20-25.pdf; District 4 Press Release "*Council Establishes Right To Counsel Program For Tenants In The City Of Los Angeles*" (April 1, 2025), available at https://cd4.lacity.gov/press-releases/council-adopts-right-to-counsel-ordinance/.

[18] 2021 AB 1487 at Finding (g)(1), available at Bill Text - AB-1487 Legal Services Trust Fund Commission: Homelessness Prevention Fund: grants: eviction or displacement. AB 1487—which would have provided State funding for right to counsel programs for tenants facing eviction—was introduced by Assembly Members Gabriel, Chiu, and Santiago, coauthored by Assembly Members Kalra, Lee, and Wicks, and coauthored by Senators Allen, Durazo, Skinner, and Wiener. AB 1487 passed 29 to 9 in the Senate and 59 to 17 in the Assembly. Governor Newsom—although stating "I agree with the intent of this bill"—vetoed it due to the lack of accompanying funding. *See* 10/8/21 Veto Message, available at https://www.gov.ca.gov/wp-content/uploads/2021/10/AB-1487-1082021.pdf.

adoption of the L.A. right to counsel ordinance[19]) estimated that providing full scope legal representation would cost $1,734 per household[20] (or $2,185 per household in inflation-adjusted dollars[21]).

The Los Angeles Housing Department further reports that Measure ULA funded outreach and enforcement activities that have led during its first two year of operations to over 16,000 households filing Tenant Anti-Harassment Ordinance complaints with the City.[22] Measure ULA sets aside 2.76% of revenues for a program to protect against tenant harassment.[23] As this set aside equaled $8.775 million based on the spending plan for the first two years of Measure ULA's operation,[24] it implies (assuming all of those funds were spent) that it cost on average approximately $550 to empower a household to file a tenant harassment complaint with the City.

Finally, the Los Angeles Housing Department reports that Measure ULA funded tenant outreach and education efforts[25] (a program that is to receive 1.84% of revenue raised[26]).

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[19] *See* 2/14/23 Motion by L.A. City Councilmembers Raman, Blumenfield, Soto-Martinez, Hutt, Hernandez & Yaroslavsky, available at https://cityclerk.lacity.org/onlinedocs/2018/18-0610-s3_misc_02-14-23.pdf.

[20] *See* Stout Risius Ross, LLC, "*Cost-Benefit Analysis of Providing a Right to Counsel to Tenants in Eviction Proceedings*" at Ex. B, line 3 & fn. [b] (Dec. 19, 2019), available at https://info.stout.com/hubfs/PDF/Eviction-Reports-Articles-Cities-States/Los%20Angeles%20Eviction%20RTC%20Report_12-10-19.pdf.

[21] *See* U.S. Bureau of Labor Statistics' CPI Inflation Calculator, available at https://www.bls.gov/data/inflation_calculator.htm.

[22] *See* Los Angeles Housing Department, "*Celebrating Two Years of ULA: A Milestone in Affordable Housing and Tenant Resources*", available at https://housing.lacity.gov/articles/celebrating-two-years-of-ula-a-milestone-in-affordable-housing-and-tenant-resources.

[23] *See* L.A. Admin. Code § 22.618.3(d)(2)(ii).c (3% of the 92% of revenues raised is for a protection against tenant harassment program).

[24] *See* Los Angeles Housing Department, "*FY 2025-26 ULA Expenditure Plan*" at slides 3-4 & 7 (indicating spending plan for first two fiscal years equaled $317.93 million in total, and that "Protections from Tenant Harassment" program received in the aggregate over those two years its prescribed in allocation under Measure ULA), available at https://cityclerk.lacity.org/onlinedocs/2023/23-0038-S7_MISC_6-25-25.pdf.

[25] *See* Los Angeles Housing Department, "*Celebrating Two Years of ULA: A Milestone in Affordable Housing and Tenant Resources*", available at https://housing.lacity.gov/articles/celebrating-two-years-of-ula-a-milestone-in-affordable-housing-and-tenant-resources.

[26] *See* L.A. Admin. Code § 22.618.3(d)(2)(ii).b (2% of the 92% of revenues raised is for a tenant outreach and protection program).

D. Ward & Phillips Have Not Made A Convincing Policy Case, Especially From A Public Health Perspective, To Override The Voter Approved Terms Of Measure ULA And Reduce Funding For Homelessness Prevention

In their Lewis Center paper,[27] and in their presentation on July 14 to this Commission, Ward & Phillips asserted that they had shown that applying Measure ULA to sales of multi-family housing during the first 15 years after construction resulted during the first 20 months of ULA's operation resulted in an annualized loss of both some 100 net affordable housing units, as well as more than 1700 market rate units. Ward & Phillips asserted that this establishes a convincing policy case to exempt such sales. But that is not a correct conclusion, particularly from a public health perspective, *even assuming that their analyses of the purported impact of Measure ULA on market-rate housing construction are fully accurate and predictive of the future* (which, as noted, is vigorously disputed by other academics).

1. Ward & Phillips Presented An Inaccurate Cost-Benefit Analysis

Based on it's the first 20 months of data, Ward & Phillips estimated that application of Measure ULA to multi-family housing within the first 15 years of construction (1) raised transfer tax revenues in an amount (i.e., $29 million on an annualized basis, or some 8% of total Measure ULA revenues) that is sufficient to produce only some 72 deed-restricted affordable housing units, but (2) resulted in private developers failing to produce (without public subsidy) 1,910 multi-family housing units per year, including 168 deed-restricted affordable housing units required by inclusionary housing laws. But this cost-benefit is inaccurate for at least the following reasons.

First, the Ward & Phillips analysis—by focusing exclusively on the number of affordable housing units constructed under each scenario—fails to consider the benefits generated by the various *other* programs that are designed to directly address homelessness prevention and that are funded by Measure ULA using 27.6% of the revenues it raises.[28] When those additional programs are considered using the data presented in Part II.C above, and accepting (for the moment only) Ward & Phillips' methodology for calculating the number of new deed-restricted affordable housing units that would be generated by the portion of Measure ULA funds not devoted to these additional programs, a more accurate (albeit still rough) estimate of the benefit of that $29 million per year in additional Measure ULA revenue is (1) the creation of 50 deed-restricted affordable housing units (70% of the paper's estimate that using all $29 million would create 72 such units), (2) the provision of a $20,000 lump sum payment to 133 households (75%

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[27] *See* Ward, J. & Phillips, S., "*Taxing Tomorrow: Measure ULA's Impact on Multifamily Housing Production and Potential Reforms*", UCLA Lewis Center (Apr. 2025).

[28] Up to 8% of the revenue raised by Measure ULA can be used for compliance, implementation and administration. *See* L.A. Admin. Code § 22.618.3(b). Of the remaining 92% of the revenue raised, 30% is to go to certain specified programs within its Homelessness Prevention Program. *See* L.A. Admin. Code § 22.618.3(d)(2). 30% of 92% is 27.6%.

Measure ULA also provides some flexibility for reallocating funds among its programs in particular years, and over time. *See* L.A. Admin. Code § 22.618.5.

extremely low income and 25% very low income) that include a senior or a person with a disability and that is at risk of homelessness, (3) the provision of emergency rental assistance to 188 extremely low-income households at risk of homelessness, (4) the provision of full scope legal representation to 1,221 lower-income households facing an eviction action, (5) the empowerment of 1,455 households to file tenant harassment complaints with the City, and (6) public education campaigns that would reach numerous other households. Each of these programs address a driver of increased mortality identified in the research literature (rent burden, receiving an eviction notice, receiving an eviction judgment, and/or suffering homelessness), as discussed in Part II.B above.

It also is worth noting that provision of the foregoing financial assistance and services—while quite literally a potential matter of life and death for the members of the recipient households—is a matter of fiscal importance to the City, to the Los Angeles Unified School District, and to the County. In particular, the 2019 study noted above evaluated the potential costs and benefits of adopting a right to counsel program in Los Angeles for lower income households that would consist of (1) pre-litigation public education campaigns, pre-litigation legal advice and limited scope legal representations, and pre-litigation rental assistance, and (2) full scope legal representation in eviction proceedings. The study concluded that that such a program would cause 25,159 lower income households in the City each year to avoid the high likelihood of a disruptive displacement from their homes, and that—as a result—(1) the City would save $120.25 million in one-time emergency shelter and housing program costs each year ($151.52 million in inflation adjusted dollars), (2) the Los Angeles Unified School District would avoid the one-time loss of $6.04 million in State funding each year ($7.61 million in inflation adjusted dollars), and (3) the County of Los Angeles would save $23.53 million in one-time medical costs and foster care payments each year ($29.65 million in inflation adjusted dollars). Therefore, assuming that the same average relationship between households and dollars saved applies to the households receiving financial assistance and full scope legal representation funded by Measure ULA, and using the rough estimate of the cost per household of providing such assistance set out above, the 2019 study implies that the $29 million in annual ULA revenues generated by sales of multi-family housing that is less than 15 years old would (1) save the City of Los Angeles $9.29 million in one-time emergency shelter and housing program costs each year, (2) prevent the Los Angeles Unified School District from losing $0.47 million in one-time State funding each year, and (3) save the County of Los Angeles $1.82 million in one-time medical costs and foster care payments—a total fiscal benefit of over $11.5 million each year.

Second, the methodology used by Ward & Phillips *underestimates* the number of deed-restricted affordable housing units that would be placed into or remain in service due to expenditure of the portion of the $29 million in additional revenue that Measure ULA sets aside for those purposes.

In particular, the Ward & Phillips paper bases its calculation on the express assumption that no public subsidy other than Measure ULA funding would be available to create these units, purports to justify this assumption by predicting that it is "extremely unlikely" that there will be any increased State or federal funding for affordable housing creation:

> If we assume that publicly funded affordable housing projects in Los Angeles cost an average of $672,000 per unit (Ward, 2025), and that ULA provides 25% of this

> funding and that the other 75% can be raised from other local, state, federal, and private funding sources, this $29 million would spur the production of 172 publicly subsidized units, or a net gain of four affordable units. . . . .
>
> *This estimate is overly optimistic, however, because it's unlikely ULA funds can be leveraged in this way.* ***Just because Los Angeles raises $29 million more for affordable housing — much less $500 million — does not mean state or federal funders will increase their support. In fact, given the state's budget deficit and the federal political climate, this appears extremely unlikely.***
>
> ***If we assume that state and federal partners will not increase their affordable housing spending*** simply because Los Angeles adopted a higher transfer tax, then the public cost of replacing the 168 affordable units must be borne entirely by additional funds raised by Measure ULA. Up to 40% of project costs may be covered by a private loan, but the remaining 60% — $403,200 — would have to come from ULA revenue. *Under this more realistic scenario, $29 million in ULA funding produces 72 affordable units*, replacing less than half of the deed-restricted affordable units not built in mixed-income projects because of the tax.[29]

But even if the foregoing otherwise made sense (a matter disputed by other academics), the underlying prediction that Ward & Phillips relied upon for their methodology already has been proven to be incorrect. Just a few months after the Ward & Phillips paper was published, the federal government *did* significantly expand funding for affordable housing creation by (1) increasing by 12% on an ongoing basis the total of 9% Low Income Housing Tax Credits available, and (2) cutting in half the portion of a project's cost that must be financed by tax free bonds in order to qualify for the otherwise unlimited 4% Low Income Housing Tax Credits (which could effectively double the number of projects able to receive those tax credits).[30] Thus, Measure ULA funds likely will be critical to providing the gap financing needed by projects seeking to take advantage of this new supply of Low Income Housing Tax Credits,[31] thereby significantly leveraging the 20.7% to 23% of the revenues generated that Measure ULA expressly requires to be used for this purpose.[32]

Moreover, the Ward & Phillips paper overlooked that another 20.7% to 23% of the revenues generated by Measure ULA are set aside for its "Alternative Models for Permanent Affordable

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[29] *See* Ward & Phillips paper at p. 37 (italics and bolded italics added).

[30] *See* Christopher, B. & Kendall, M., "*Hidden in Trump's spending package: A surprise boost to California's affordable housing*", CalMatters (Aug. 12, 2025), available at https://calmatters.org/housing/2025/08/affordable-housing-trump-ca/.

[31] Indeed, the CalMatters article cited in the immediately prior footnote expressly states that the general scarcity of gap funding in California could significantly hamper the pace of affordable housing production using these increased Low Income Housing Tax Credits.

[32] *See* L.A. Admin. Code § 22.618.3(d)(1)(ii).a (22.5% to 25% of the 92% of revenues raised is for multi-family deed-restricted affordable housing projects that also are accessing other federal, State and/or local funding sources).

Housing Program (Alternative Models) [which] seeks to provide innovative financing and tenant-driven governance in permanent (i.e., not interim) affordable housing developments, and allows for a range of uses of funds," in order to "seed a social housing model that will become a major component of the City's future housing stock."[33]

As to the portion of this program dedicated to new construction,[34] both Measure ULA itself, and current program guidelines, permit up to 20% of the units to be *market rate units* in order to render it financially feasible to create the remaining deed-restricted affordable housing units. This could dramatically lower the amount of public funding required to render projects financially feasible. Moreover, the current program guidelines give preference to projects on public land, or on land donated—or conveyed for less than market value—by faith-based organizations, which again could materially lower the amount of Measure ULA funds that will be required to create each new unit. Furthermore, the current program guidelines give preference to projects that receive funding from an additional public or philanthropic source—that is, projects where Measure ULA is not the only funding source other than private loans.[35]

As to the portion of the funding for the Alternative Models program that is to go to affordable housing preservation, current program guidelines provide that the monies are to be used to recapitalize, acquire and/or rehabilitate existing deed-restricted affordable housing projects that either (1) are at risk of financial insolvency, or (2) have affordability covenants that will expire in less than 10 years.[36] Keeping an existing unit of affordable housing in service is equally important to serving the needs of lower-income Californians as is creating a new affordable housing unit, and it generally costs less to do so.[37] Moreover, up to 20% of these units likewise

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[33] Los Angeles Housing Department, "*United to House Los Angeles Program Guidelines*" at p. 25, 26 (approved by City Council Dec. 10, 2024) ("ULA Program Guidelines"), available at https://static1.squarespace.com/static/65b2ac892ffc384e4b632aab/t/6827878a41133326f7ac23c9/1747421074097/ULA-Guidelines.pdf; *see* L.A. Admin. Code § 22.618.3(d)(1)(ii).b (22.5% to 25% of the 92% of revenues raised is for alternative models program).

[34] Under current program guidelines, the new construction portion of the Alternative Models program must receive at least 60% of the funding in FY 2024-2025, at least 70% in FY 2025-2026, and at least 85% in FY 2026-2027. *See* ULA Program Guidelines at p. 27.

[35] *See* ULA Program Guidelines at pp. 40, 55-56.

[36] See ULA Program Guidelines at p. 58.

[37] *See* Los Angeles Housing Department, "*Preserving and Monitoring At-Risk Housing*", available at https://housing.lacity.gov/rental-property-owners/preserving-and-monitoring-at-risk-housing; California Housing Partnership, "*Affordable Homes At Risk*" at 1-3 (Apr. 2024), available at https://chpc.net/wp-content/uploads/2024/04/Subsidized-At-Risk-Report_April-2024.pdf; Galperin, R., "*The Problems And Progress of Prop. HHH*" at pp. 28-30 (Feb. 23, 2022), available at https://firebasestorage.googleapis.com/v0/b/lacontroller-2b7de.appspot.com/o/audits%2F2022%2F2.22.23_The-Problems-and-Progress-of-Prop-HHH_Final.pdf?alt=media&token=8ebb4887-6208-4166-aa91-7e2c305d3c87; Enterprise, "*Preserving Affordability, Preventing Displacement: Acquisition-Rehabilitation of Unsubsidized Affordable Housing In The Bay Area*" at p. 2 (2020), available at

may be *market rate units* in order to render it financially feasible to acquire and rehabilitate the remaining deed-restricted affordable housing units.[38]

The Ward & Phillips paper similarly overlooks that another 9.2% of the revenue raised by Measure ULA is set aside for preservation of affordable housing.[39] Under current program guidelines, a portion of the funds again can be used to acquire and rehabilitate housing projects whose affordability covenants are expiring in the next 10 years. A larger portion must be used to acquire naturally occurring affordable housing whose existing tenants are at risk of displacement.[40] As already noted, acquisition and rehabilitation is generally less expensive than new construction.

Finally, the Ward & Phillips paper overlooks that at least 4.6%, and up to 8.3% of Measure ULA revenue is to be used to provide operating assistance to affordable housing projects.[41] The purpose of the program is to provide temporary assistance to projects that are in financial trouble while they move to a permanent solution.[42] This will keep affordable housing units in service at a much lower cost than creating new replacement units.

In sum, by incorrectly predicting that federal resources for affordable housing production would not increase, and by overlooking the specific details of Measure ULA's affordable housing creation and preservation programs that lower the amount of funding required per unit, the Ward & Phillips methodology underestimates the number of deed-restricted affordable housing units that would be placed into or remain in service due to expenditure of the portion of the $29 million in additional annual revenue that Measure ULA sets aside for those purposes.

Third, the Ward & Phillips analysis overlooks the fact that the affordable housing units created or preserved under Measure ULA's programs likely will better serve the Measure's homelessness prevention and tenant protection goals than will the inclusionary affordable housing units that they estimate will not be created due to application of the transfer tax to multi-family housing projects during the first 15 years after construction. There are several reasons for this conclusion.

As an initial matter, inclusionary units in market rate housing projects will never be permanent supportive housing units—a type of housing that is one important part of addressing the

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https://www.enterprisecommunity.org/sites/default/files/2021-07/preserving-affordability-preventing-displacement.pdf.

[38] *See* ULA Program Guidelines at p. 59.

[39] *See* L.A. Admin. Code § 22.618.3(d)(1)(ii).c (10% of the 92% of revenues raised is for acquisition and rehabilitation program).

[40] *See* ULA Program Guidelines at pp. 78-79, 91, 108.

[41] *See* L.A. Admin. Code § 22.618.3(d)(1)(ii).c (10% of the 92% of revenues raised is for various programs, with at least 5% of the 10% for operating assistance, and at least 1% of the 10% for another program).

[42] *See* ULA Program Guidelines at pp. 153, 164-68.

homelessness crisis.[43] By contrast, all of the Measure ULA housing programs discussed above can include permanent supportive housing (as expressly noted in the program guidelines).[44] Indeed, of the 785 affordable units in projects supported by the first distribution of Measure ULA gap financing awards, 331 are supportive housing units for people experiencing homelessness.[45]

In addition, all projects assisted by Measure ULA's Alternative Models program and by its acquisition and rehabilitation program require the facilitation of a meaningful role for the tenants in the governance of the projects (including, where appropriate, through tenant ownership). Measure ULA even includes funds for helping tenants develop the capacity to undertake such roles.[46] This presents a stark contrast with the powerlessness of lower income tenants living in inclusionary units in a market rate project.

Furthermore, at least to the extent that current State density bonus law is the source of the inclusionary unit requirements in the market rate projects, those units will not be for extremely low income households[47] (although projects using City of Los Angeles density bonus programs will include some such units). By contrast, (1) all of the Measure ULA housing programs discussed above can finance extremely low income units, (2) projects obtaining funding under the Alternative Models program must include at least 20% extremely low income units, and (3) projects serving extremely low income households have priority under the operating assistance program.[48] Extremely low income units are another important part of addressing the homelessness crisis.[49]

In short, the Ward & Phillips analysis overlooks that there are important differences for purposes of homelessness prevention and tenant protection between the affordable housing units created under Measure ULA and the inclusionary affordable units in market rate projects.

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[43] *See* UCSF, "*Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness*" at p. 86 (June 2023), available at https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf.

[44] *See* ULA Program Guidelines at pp. 26-28, 41, 59, 92, 109, 131, 152-53.

[45] *See* Drier, P., Ling, J., Cummings, S., Freer, R., Pastor, M., Roy, A. & Tilly, C., "*Measuring LA's Mansion Tax: An Evaluation Of Measure ULA's First Year*" at p. 21 (Apr. 2024), available at https://static1.squarespace.com/static/65b2ac892ffc384e4b632aab/t/6794763ab08852793bb2dbe4/1737782859329/Measuring-LAs-Mansion-Tax-April-2024_1.pdf.

[46] *See* ULA Program Guidelines at pp. 51-52, 70-71, 102-04, 119-21, 142-44.

[47] *See* Government Code §§ 65915(f), (v).

[48] *See* ULA Program Guidelines at pp. 40, 59, 160, 167.

[49] *See* UCSF, "*Toward a New Understanding: The California Statewide Study of People Experiencing Homelessness*" at pp. 83-84 (June 2023), available at https://homelessness.ucsf.edu/sites/default/files/2023-06/CASPEH_Report_62023.pdf.

Fourth, the Ward & Phillips paper provides no supporting analysis for its oblique suggestion that the market-rate units that purportedly will not be built due to Measure ULA also would themselves have provided *meaningful* assistance to addressing the lower-income rent-burden and homelessness crises (the crises Measure ULA seeks to address).

As an initial matter, it is worth noting that even strong proponents of the deregulation of private sector housing development in order to increase the overall housing supply acknowledge that direct government intervention is necessary to assist lower income households and homeless individuals to access housing. As the McKinsey Global Institute put it in 2016:

> The tools that we have discussed—including identifying housing hot spots, unlocking supply by shifting incentives, and cutting the cost and risk of producing housing—could unlock millions of new market-rate housing units in California. This would expand housing supply and reduce housing costs for millions of Californians, *but this will not solve the problem for California's most vulnerable residents. Low-income, special needs, and homeless individuals will require support to access housing*.[50]

Or as Jenny Schuetz, a Brookings Institution economist, put it in 2022:

> In short, housing affordability for poor families isn't the same problem created by tight zoning regulations in cities like New York and San Francisco. *Millions of families across the United States cannot afford housing because their incomes are too low—a problem that implies different types of policy solutions*.[51]

Indeed, this point is clearly illustrated by comparing the incidence of cost-burden and severe cost-burden in the City of Houston, Texas (a city *without zoning*) and in the City of Los Angeles. According to the most recent Census Bureau data available (the 2024 one-year ACS survey), 54.3% of renter households in the City of Houston paid 30% or more of their incomes for rent and utilities, including 28.1% who paid 50% or more. This is only marginally better than the 2024 situation in the City of Los Angeles, where 55.8% of renter households paid 30% or more of their incomes for rent and utilities, including 30.2% who paid 50% or more.[52]

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[50] McKinsey Global Institute, "*A Tool Kit To Close California's Housing Gap: 3.5 Million Homes By 2025*" at p. 36 (Oct. 2016) (italics added), available at https://www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Urbanization/Closing%20Californias%20housing%20gap/Closing-Californias-housing-gap-Full-report.ashx.

[51] Schuetz, J., *Fixer Upper: How to Repair America's Broken Housing Systems* at p. 65 (2022) (italics added).

[52] These percentages are calculated using the renter cost burden data for the City of Houston and the City of Los Angeles reported at U.S. Census Bureau, U.S. Department of Commerce. "Gross Rent as a Percentage of Household Income in the Past 12 Months." American Community Survey, ACS 1-Year Estimates Detailed Tables, Table B25070 (accessed on December 6, 2025), available at https://data.census.gov/table?q=B25070&g=160XX00US4835000 (Houston) and at https://data.census.gov/table?q=B25070&g=160XX00US0644000 (Los Angeles). If the renter households for whom no rent burden was calculated are excluded, then the percentages rise

Nevertheless, the Ward & Phillips paper states in its concluding "Potential Reforms" section:

> Additionally, and very importantly, market-rate multifamily housing has supply effects that improve affordability. Recent quasi-experimental studies from Asquith, Mast, and Reed (2023) and Pennington (2021) estimating causal effects of new, market rate multifamily construction on area rents find that a new, roughly 150-unit, market rate apartment building causes rents within a roughly 1/8th mile radius to fall by 4–6%. This affordability effect can also have substantial positive spillover effects for critical programs such as HUD's Housing Choice Voucher (HCV) rental assistance program — and similar city- and state-funded efforts. A recent study considering the potential effects of increased supply in the Los Angeles metro area found producing market rate housing at the same rate as the 90th percentile U.S. metro area could have lowered rents by roughly 18%. At current funding levels, this would allow the HCV program to assist around 24% more low-income families in the region (over 15,000 additional households) (Corinth and Irvine, 2023).

However, with respect to the asserted neighborhood level effects described in this passage, the Ward & Phillips paper fails to identify how many projects of some 150 units or more are included among the purportedly deterred market rate projects (and therefore how many 1/8 mile radius zones might be created in Los Angeles' 469 square miles if they were built). Note that, as stated in the study upon which the Ward & Phillips paper relies for this figure, a roughly 150 unit project caused *a 40% increase in the total housing supply* within the studies 1/8 mile radiuses.[53] Moreover, the studies cited do *not* find that a new, roughly 150-unit, market rate apartment building causes *existing* rents within a roughly 1/8th mile radius to fall by 4–6%. Rather, they find that these buildings *slow the rate of rent increase*, so that the increased rents within a roughly 1/8 mile radius of the new roughly 150-unit market rate project are 4-6% lower than the increased rents outside that radius.[54] Furthermore, these study results are based on a comparison

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slightly in both cities; that is, (1) 57.3% of renter households in the City of Houston paid 30% or more, including 29.6% who paid 50% or more, and (2) 58.5% of renter households in the City of Los Angeles paid 30% or more, including 31.7% who paid 50% or more.

[53] *See* Asquith, B. J., Mast, E., & Reed, D., "*Local effects of large new apartment buildings in low-income areas*", Review of Economics and Statistics, 105(2), 359-375 at pp. 368-69.

[54] *See* Asquith, B. J., Mast, E., & Reed, D., "*Local effects of large new apartment buildings in low-income areas*", Review of Economics and Statistics, 105(2), 359-375 at p. 373 (2023) ("We find that the concerns about rent increases driven by new market-rate housing are mostly unfounded. While *there is a strong observed correlation between new construction and rising rents*, this appears to be because new buildings are typically constructed in areas that are already changing. *When these new buildings are completed, they actually slow rent increases in the nearby area: the average new building lowers nearby rents by 5% to 7% relative to trend*, translating into a savings of $100 to $159 per month.") (italics added); Pennington, K., "*Does building new housing cause displacement? The supply and demand effects of construction in San*

of the rents charged to *new* tenants (as reflected in listings) and not the rents charged to *existing* tenants. This matters because a majority of renter households in Los Angeles live in older apartments subject to the Los Angeles Rent Stabilization Ordinance and consequently pay rents that are far below market (i.e., below the initial rents these landlords can charge to new tenants in their buildings due to vacancy decontrol).[55] It therefore seem highly likely that landlords of *existing* rent stabilized tenants will continue to raise rents each year by the maximum permitted under the Los Angeles Rent Stabilization Ordinance *even if* the rate of increase in initial rents these landlords can charge to *new* tenants through vacancy decontrol is slowed by nearby construction of new market rate units.

Turning to the asserted metro area-wide effects of the market rate housing that is purportedly being deterred by Measure ULA, the Ward & Phillips paper does not identify the study it relies upon for the assertion that "[a] recent study considering the potential effects of increased supply in the Los Angeles metro area found producing market rate housing at the same rate as the 90th percentile U.S. metro area could have lowered rents by roughly 18%."[56] Nor does the Ward & Phillips paper disclose what share of the total historical and ongoing deficit in housing production between the Los Angeles *metro area* and the 90th percentile metro area is represented by the market rate units that the paper asserts are being deterred by Measure ULA (and what impact on metro area rents and Section 8 costs would occur if those units instead were built). Note that the City of Los Angeles alone already has more than 1.5 million housing units, including more than 1.2 million rental units, and the Los Angeles-Long Beach-Anaheim Metropolitan Statistical Area already has more than 4.8 million housing units.

Finally, the "Introduction" to the Ward & Phillips paper asserts in passing that "[m]arket-rate housing development . . . spurs 'migration chains' that loosen pressure on tenants throughout the housing market." But the Ward & Phillips paper does not attempt to calculate what impact migration chains from the purportedly deterred market rate units—if they would be built—would have on rent-burdened—and particularly severely rent-burdened—lower income households.

Francisco" at p. 5 (2021) ("I find that monthly rents fall by $22.77 - $43.18 *relative to trend*, roughly 1.2 - 2.3%, for people living within 500m of a new project.") (italics added).

[55] *See* Economic Roundtable, "Equitable Rent: Rent Stabilization Standards in the City of Los Angeles" (September 2024) at 12-17, 25-27, 88 (Tables 6-7), available at https://clkrep.lacity.org/onlinedocs/2023/23-1134_rpt_hci_11-1-24.pdf (attachment to 11/1/24 Report by Los Angeles Housing Department to City Council).

[56] This assertion is not supported by "Corinth and Irvine, 2023", the paper cited at the end of the paragraph from Ward & Phillips quoted above. The authors of the Corinth & Irvine paper simply "*assume* that deregulation would relax supply constraints such that the ratio of home values to production costs would fall to one" (i.e. that prices would equal production costs), and then calculate the reduction in rent levels—and additional Section 8 vouchers that could be funded—if that occurred today. Corinth, K., & Irvine, A., "*The Effect of Relaxing Local Housing Market Regulations on Federal Rental Assistance Programs*", Journal of Urban Economics, at p. 8 (2023) (italics added). Likewise, none of the studies cited in the "Introduction" to the Ward & Phillips paper for the proposition that increased housing supply lowers rents appear to fit the description in the "Potential Reforms" section quoted above.

Indeed, the migration chain study relied upon by the Ward & Phillips paper states that "[u]nfortunately, because estimates of the elasticity of housing prices to increased quantities are limited, it is difficult to determine how the vacancies generated by the chains would affect prices."[57] Moreover, as discussed above, any reductions in initial rents to new tenants that might flow from such migration chains would likely not have an impact on the rents charged by landlords to existing tenants in rent-stabilized units. Further, to the extent that the migration chains induce existing tenants in rent stabilized units to move, the rent charged to new tenants for these same units will be higher—in some cases very much higher—than the rent paid by the prior tenant due to vacancy decontrol, thereby raising the overall level of rent actually paid.

In summary, Ward & Phillips' cost-benefit analysis is inaccurate because (1) it fails to consider the thousands of highly distressed lower income households who will receive direct financial and legal interventions to keep them housed using the Measure ULA revenues that Ward & Phillips want to eliminate, (2) due to an inaccurate assumption about the size of federal tax credit funding, and a failure to consider the details of Measure ULA's housing programs, the Ward & Phillips analysis underestimates the number of deed-restricted affordable housing units that will be created or kept in service using the Measure ULA revenues that Ward & Phillips want to eliminate, (3) the Ward & Phillips analysis overlooks that the deed-restricted affordable housing units that will be created or kept in service using the Measure ULA revenues that Ward & Phillips want to eliminate (which will include permanent supportive housing units, units for extremely low income households, and units operated on a social housing model where tenants will have a meaningful voice in the management of the projects (and, where feasible and desirable, a pathway to ownership)) are much better suited to achieving the homelessness prevention and tenant protection goals of Measure ULA than inclusionary units in the market rate projects, and (4) the Ward & Phillips analysis fails to support and quantify its oblique suggestion that there would be a meaningful impact on either lower-income rent burden or homelessness from the purported supply effects and migration chains that would result from the market rate projects the paper asserts will not be built due to Measure ULA. Accordingly, Ward & Phillips papers have not made the convincing policy to take away the funding for the financial, legal and other assistance that thousands of distressed lower income renter households desperately need.

2. Ward & Phillips Provide No Adequate Justification To Simply Take Away Measure ULA Revenue Even If Some Remedial Action Was Required

Even if a convincing policy case had been made for taking *some* remedial action with respect to Measure ULA (but it has not), a convincing policy case *also* would have to be made that the

[57] Mast, E., "*JUE Insight: The effect of new market-rate housing construction on the low-income housing market. Journal of Urban Economics*", at p. 8 (2023). The paper also notes that to the extent the rent for the poorest and most rent burdened households already is equal to the cost of providing that housing, the migration chain mechanism will not impact those rents. *See id*. According to Jenny Schuetz of the Brookings Institution, at least the poorest 20% of households nationwide cannot afford even that minimum rent level. *See* Schuetz, J., *Fixer Upper: How to Repair America's Broken Housing Systems* at pp. 62-63 (2022).

specific "reform" proposed in the Ward & Phillips is proper. In particular, Ward & Phillips propose that to take away Measure ULA revenue that is desperately needed to address the lower-income household rent-burden and homelessness crises without even considering, let alone analyzing, other options that would *not* take away Measure ULA revenue.

One such option is for the State to achieve the same results as the proposed "reforms" by rebating in some manner all or a portion of the Measure ULA transfer tax paid in connection with whatever types of property transfers the State wants to incentivize, so that the *net* result of the Measure ULA tax and the State rebate is the same as in the proposed "reforms". Critically, if the analysis presented in the contemporaneous Manville & Smith Lewis Center paper is accurate and reasonably predicts the future,[58] the State's expenditures to support such a rebate program *will be offset* by the increase in new property tax revenues resulting from the incentivized property transfers (as well as by the fiscal benefits of preventing homelessness through the homelessness prevention programs that the preserved Measure ULA revenues will fund, as discussed above).[59]

For example, and for illustrative purposes only, the State could rebate (directly from State funds, through a credit on capital gains or income taxes, and/or through a credit against property taxes) a portion of the Measure ULA taxes paid by multi-family housing properties sold within 15 years of construction. The State could select the size of the rebate (e.g., half) and its structure (e.g., to render Measure ULA's rates applicable only as marginal taxes), and then analyze over time whether this rebate is sufficient to incentivize more multi-family housing production, or should be increased.

A second option is for the State to suspend aspects of Measure ULA *conditioned upon* payment by the State to the House LA Fund an amount equal to the revenue that fund would have received absent the suspension. Once again, if the analysis presented in the Manville & Smith paper is accurate and reasonably predicts the future, the State's expenditures to support such a rebate program *will be offset* by the increase in new property tax revenues resulting from the incentivized property transfers (as well as by the fiscal benefits of preventing homelessness through the homelessness prevention programs that the preserved Measure ULA revenues will fund, as discussed above).[60]

For example, and for illustrative purposes only, if it were credible to project that—absent Measure ULA—the dollar sales volume of multi-family housing would double during the first 15 years after construction, the State could suspend the Measure ULA tax on such sales conditioned upon the State paying to the House LA Fund the amount that the suspended transfer tax would have generated on one-half of the actual sales volume.

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[58] *See* Manville, M. & Smith, M., "*The Unintended Consequences of Measure ULA*", UCLA Lewis Center (Apr. 2025).

[59] Whether the value of the property taxes gained would be more or less than cost of the rebate program would depend upon its design, and on modeling assumptions.

[60] Once again, whether the value of the property taxes gained would be more or less than cost of the rebate program would depend upon its design, and on modeling assumptions.

A third option is to leave the Measure ULA transfer tax in place, but provide other incentives for transactions the State wants to see proceed that are subject to the tax. For example, Santa Monica is putting in place right now a local offsite affordable housing and density bonus pilot program that it believes, based on discussions with local developers, will allow them move forward with their approved multi-family housing projects *in express contemplation of paying the 5% Measure GS transfer tax upon sale of the project* despite the very strong existing financial headwinds caused by current high interest rates, tariff issues, and construction labor supply issues.

To be clear**,** I am not suggesting in this letter what *is* the best route to "reform" in the event such reform is deemed necessary and/or desirable, and I certainly am not purporting to speak nor authorized to speak in any way for those involved with Measure ULA (or for others involved with Measure GS for that matter). What I am saying is that (1) Ward & Phillips *do not even consider, let alone analyze*, a range of "reforms" that do not require taking desperately needed funding away from programs to aid (and thereby protect the health) of severely rent- burdened lower-income tenants and to prevent homelessness, and (2) the full range of options properly should be considered before any action is taken by anyone to override the voter-approved terms of Measure ULA.

This is particularly true because there is no reason to believe some other source of revenue is available to fund Measure ULA's programs. The State has a longstanding history of underinvesting in programs to combat the rent-burden crisis faced by lower income Californians.

The California Housing Partnership prepared the following chart of annual State funding (in nominal dollars) from FY 2008-2009 through FY 2023-2024 (prior to clawing back of some of these funds in the FY 2024-2025 budget) for programs serving low- and moderate-income homeowners, extremely low- and very low-income renters, and supportive services for individuals experiencing homelessness:[61]

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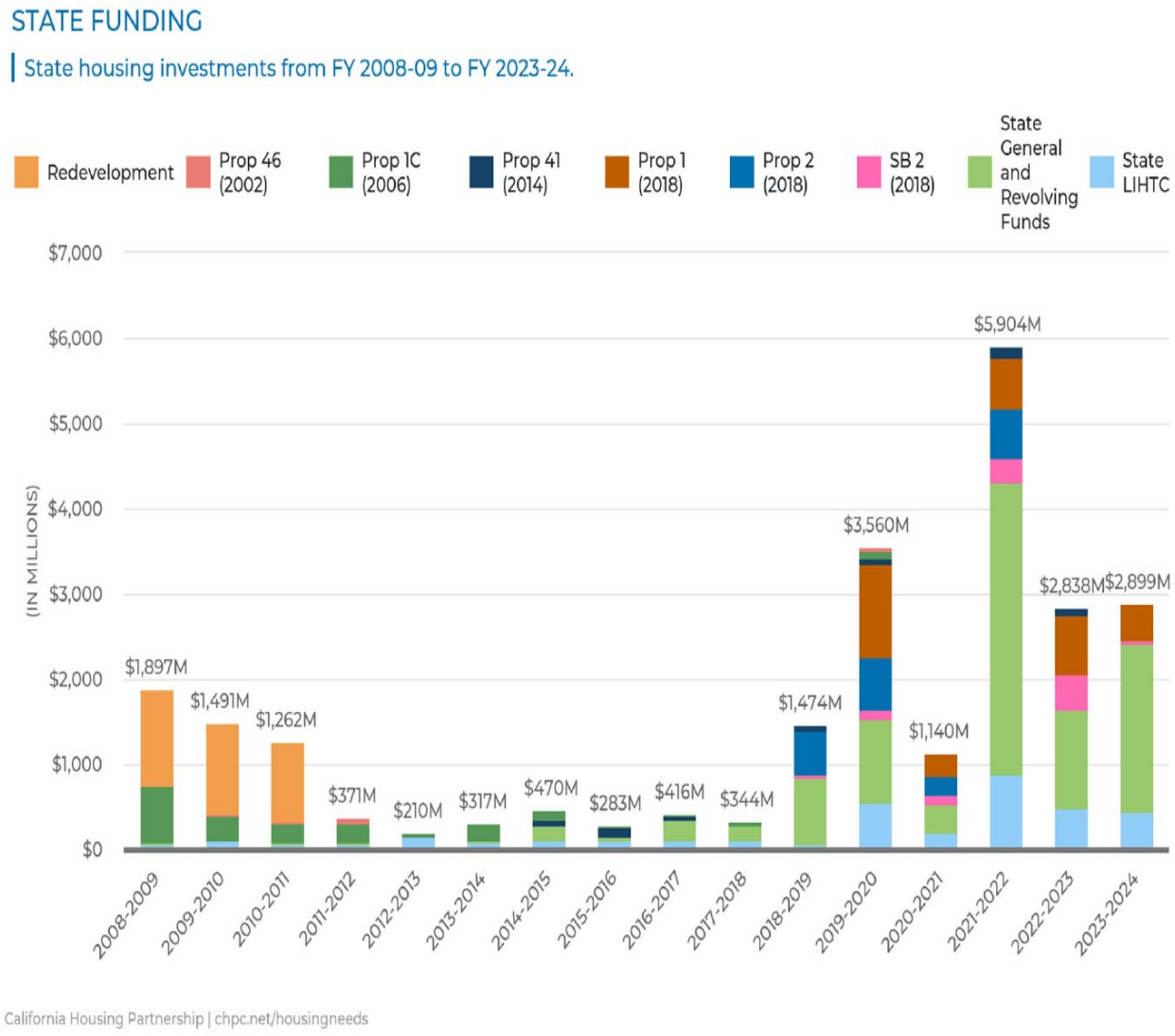
[61] *See* California Housing Partnership, "*Methodology Documentation: Quantifying Housing Needs in California*" at 26-28 (May 2025), available at https://chpc.net/wp-content/uploads/2025/04/Housing-Needs-Dashboard-Methodology-2025.pdf. More specifically:

> The funding levels shown are from several programs administered by four different state departments, multiple funding sources and former redevelopment agencies. From HCD, state general and revolving funds are allocated to the following programs: Multifamily Housing Program (MHP), Office of Migrant Services (OMS), Portfolio Restructuring Program (PRP, as well through Project Homekey. From SGC, state general funds are awarded through the Affordable Housing Sustainable Housing Communities (AHSC) Program. State funding was distributed through local redevelopment agencies until fiscal year 2010. From CTCAC, state funds are awarded through state Low-Income Housing Tax Credits. From BCSH, state general funds are disbursed through the Homeless Emergency Aid Program (HEAP) and Homeless Housing, Assistance, and Prevention Program (HHAP).



To put these nominal dollar figures into context, the following charts show the percentage of planned general fund spending—and the percentage of planned overall spending—these total planned annual housing and homelessness spending figures equaled both before and after the State ended redevelopment:[62]

Id. at 26-27.

[62] The figures in these charts for general fund spending, and for total spending, used to calculate these percentages were taken from the Legislative Analyst's Office reports on the spending plan each fiscal year as enacted, available at https://lao.ca.gov/Publications?productid=15.

PRIOR TO END OF REDEVELOPMENT

FISCAL YEAR	SPEND v. GEN. FUND SPEND (%)	SPEND v. TOTAL SPEND (%)
2007-08[63]	1.81	1.41
2008-09	1.83	1.31
2009-10	1.76	1.36
2010-11	1.46	1.07
ALL	**1.73**	**1.29**

POST REDEVELOPMENT

FISCAL YEAR	SPEND v. GEN. FUND SPEND (%)	SPEND v. TOTAL SPEND (%)
2011-12	0.43	0.31
2012-13	0.23	0.16
2013-14	0.33	0.23
2014-15	0.44	0.31
2015-16	0.25	0.18
2016-17	0.34	0.25
2017-18	0.27	0.19
2018-19	1.06	0.75
2019-20	2.41	1.70
2020-21	0.85	0.58
2021-22	3.01	2.29
2022-23	1.21	0.94
2023-24	1.28	0.94
ALL	**1.03**	**0.80**
2011-12 to 2017-18	0.32	0.23
2018-19 to 2023-24	1.65	1.21

All of this data supports the following conclusions.

First, the period of highest State expenditures for affordable housing and homelessness, relative to all other State spending, was during the period prior to the State's termination of the redevelopment program. However, even that level of spending was grossly inadequate relative to the housing and homelessness problems facing lower-income Californians, as both the

[63] This figure uses the State funding levels for FY 2007-08 reported in California Housing Partnership Corporation, "*How California's Housing Market is Failing to Meet the Needs of Low-Income Families*", at Table 3 (Feb. 2014), available at https://chpc.net/wp-content/uploads/2015/11/9-CHPCHousingNeedReport020814FINAL.pdf.

incidence of severe rent burden among lower-income renters[64]—and the number of homeless Californians[65]—already had grown to alarming levels during this period.

Second, despite the obvious need for more funding, State spending on affordable housing and homelessness relative to general fund and / or total State spending *dropped by some 80%* during the first seven years after the State's elimination of the redevelopment program.

Third, beginning in FY 2018-19, State spending on affordable housing and homelessness increased significantly, and continued at higher levels through FY 2023-2024 (prior to claw backs). However, while the State's affordable housing and homelessness expenditures during

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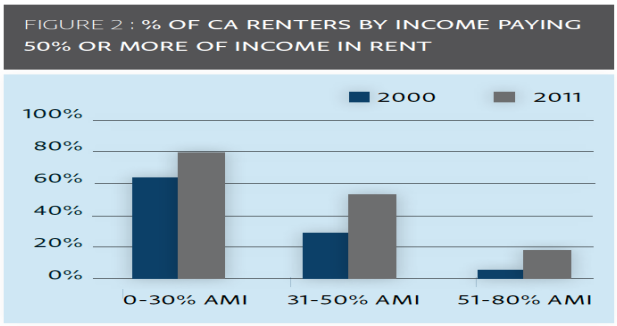
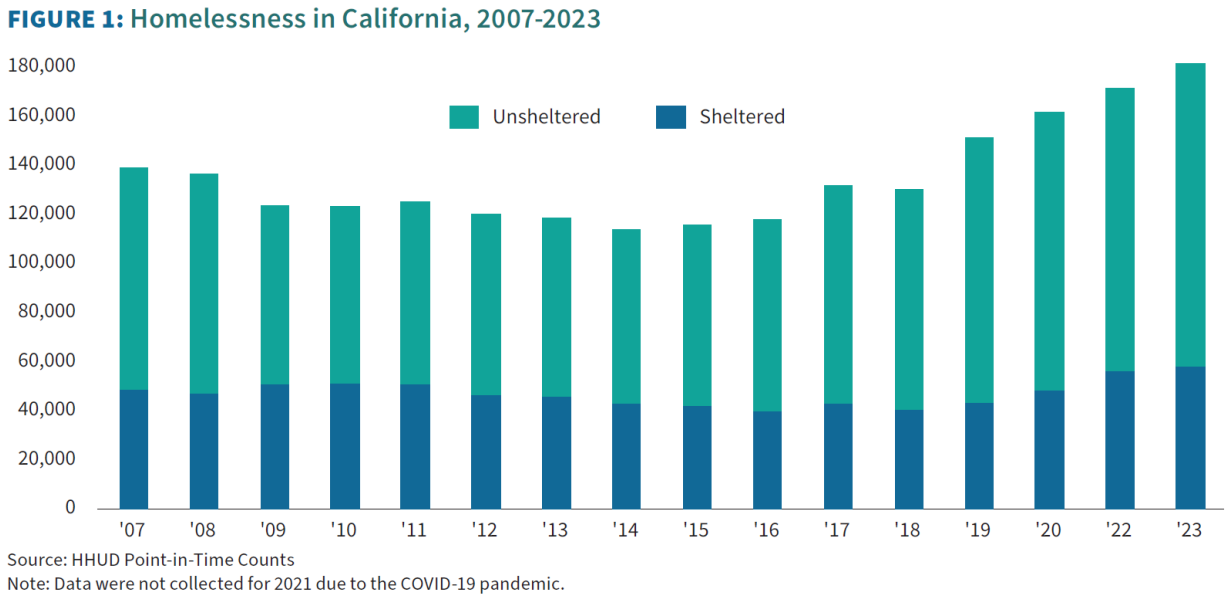
[64] *See* California Housing Partnership Corporation, "*How California's Housing Market is Failing to Meet the Needs of Low-Income Families*", at Figure 2 (Feb. 2014), available at https://chpc.net/wp-content/uploads/2015/11/9-CHPCHousingNeedReport020814FINAL.pdf.



[65] *See* Carter, B. & Streeter, J., Stanford Institute for Policy Research, "*Homelessness in California: Recent challenges and new horizons*" at Figure 1 (June 2025), available at https://siepr.stanford.edu/publications/policy-brief/homelessness-california-recent-challenges-and-new-horizons:



this period—on average—approached the same share relative to general fund and / or total State spending as had existed during the period prior to elimination of the redevelopment program, it did not quite reach that level on average, and it certainly did not do anything to make up for the massive State disinvestment during FY 2011-12 through 2017-18. The last two budget cycles—which are not covered in the California Housing Partnership report—have not improved the situation.[66]

III. CONCLUSION

Measure ULA is providing a large ongoing source of funding for critical programs to address rent burden, prevent evictions, prevent eviction judgments and prevent homelessness. Given the significant public health benefits of these programs, and the lack of alternative funding sources, there is no current policy case for this Commission to support imposition of the exemption from ULA that Ward & Phillips have advocated.

Thank you for considering my views. Please feel free to reach out to discuss at (310) 963-0337 (my cell phone number) or mike.soloff@gmail.com.



Michael Soloff

[66] *See* Davalos, M., "*Protecting Progress: State Housing and Homelessness Funding Must Continue*", California Budget & Policy Center (Dec. 2024), available at https://calbudgetcenter.org/resources/protecting-progress-state-housing-and-homelessness-funding-must-continue/#:~:text=State%20Affordable%20Housing%20Investments%20Remain,with%20the%20incoming%20Trump%20administration; Housing California, "*Affordable Housing, Homelessness, and Housing Justice Organizations from Across California Respond to Final 2024-2025 State Budget*" (Jun. 24, 2024, available at https://housingca.org/news-media/statements/affordable-housing-homelessness-and-housing-justice-organizations-from-across-california-respond-to-final-2024-2025-state-budget/; All Home, "Statement on the Final 2025-26 State Budget" (Jun. 30, 2025), available at https://www.allhomeca.org/2025/07/01/statement-on-the-2025-26-state-budget/#:~:text=$300%20million%20for%20the%20California,service%20delivery%20across%20the%20state.