CITY OF LOS ANGELES HOUSING DEPARTMENT
UNITED TO HOUSE LA CITIZEN OVERSIGHT COMMITTEE (COC)
SPECIAL MEETING - REVISED AGENDA
Thursday, October 22, 2026 - 2:30 PM
Bureau of Engineering Public Works Building
Sub-Basement Conference Room#SB-6
1149 S. Broadway, Los Angeles, CA 90012

Please note that this agenda includes a call-in option for public comment. Public comment will thus be taken both in-person at the Bureau of Engineering Public Works Building and via Teleconference. Instructions for the public to listen to and offer remote public comment at the meeting appear on page 3 of this agenda.

COC COMMITTEE MEMBERS
Zerita Jones, Chair
Michelle Espinosa Coulter, Vice Chair
Fernando Abarca
Natalie Ascorra
Roberto Barragan
Charlie Cea
Taylor Holland
Zella Knight
Alma Morales
Jeanne Nishimoto
Laura Orellana
Leilani Reed
Kristal Romero
Antonia M. Routt
Danielle Williams

COC COMMITTEE STAFF
Aditi Shakkarwar, ULA Inspector General
Patricia Gispert, Senior Management Analyst, Office of ULA Inspector General
Cecilia V. Estolano, Interim Inspector General (IIG)
Richard France, IIG Team
Demetria Murphy, IIG Team
Miya Woo, IIG Team

LAHD STAFF
Tiena Johnson Hall, General Manager
Cally Hardy, Director
Maya Abood, Senior Housing Planning and Economic Analyst
Edwin Sun, Senior Housing Planning and Economic Analyst
Michael Custodio, City Attorney
Teddy Loo, Committee Clerk

1) **CALL TO ORDER**

2) **ROLL CALL**

3) **PUBLIC COMMENT**

4) **CITY ATTORNEY REPORT AND DRAFT ORDINANCE FOR ULA TECHNICAL AMENDMENTS, PURSUANT TO THE CITY COUNCIL DIRECTION UNDER CF 26-0088-S2** *(please find supplemental material on this item attached)*
   - A) **CITY ATTORNEY PRESENTATION**
   - B) **ACTION: COC ADOPTION OF FINDINGS PURSUANT TO LOS ANGELES ADMINISTRATIVE CODE § 22.618.8(b)**

5) **REPORT FROM LAHD ON A DRAFT PROPOSED FRAMEWORK FOR A PILOT TRANSFER TAX INCENTIVE PROGRAM FOR NEW AFFORDABLE MULTIFAMILY HOUSING THAT FURTHERS THE PURPOSES OF ULA, PURSUANT TO THE CITY COUNCIL DIRECTION UNDER CF 26-0782** *(please find supplemental material on this item attached)*
   - A) **LAHD PRESENTATION**
   - B) **ACTION: COC ADOPTION OF FINDINGS PURSUANT TO LOS ANGELES ADMINISTRATIVE CODE § 22.618.8(b)**

6) **FUTURE AGENDA ITEMS**

Next COC Meeting

i) November 12, 2026

7) **ADJOURNMENT**

GENERAL INFORMATION
For information regarding the ULA Citizen Oversight Committee (COC) and its operations, please contact Matthew Serrano at (213) 808-8808. This contact may answer questions and provide materials and notice of matters scheduled before the ULA COC.

NOTIFICATIONS & MATERIALS
To receive meeting notices for the ULA COC, subscribe through the Early Notification System at www.lacity.org. Materials related to items on this Agenda will be posted to the Housing Department's website at https://lacity.gov/government/subscribe-agendas/boards-commissions-committees.

LIVE BROADCAST
The COC meeting will be broadcast live on the internet via the ULA COC YouTube Channel: www.youtube.com/@ULACOC, as well as on Zoom: https://us02web.zoom.us/j/87121499437. The call-in option and live audio of the meeting will also be available via telephone at: (669) 900-6833; Meeting ID: 871 2149 9437

To Attend In-Person:
The meeting will be held in-person at the Bureau of Engineering Public Works Building Sub-Basement Conference Room #SB-6; 1149 S. Broadway, Los Angeles, CA 90012. The meeting will start at 2:30 p.m.

To Attend by Computer:
Click on the following link: https://us02web.zoom.us/j/87121499437, If Zoom is not already installed on your computer, click "Download & Run Zoom" on the launch page and press "Run" when prompted by your browser. If Zoom has previously been installed on your computer, please allow a few moments for the application to launch automatically. Select "Join Audio via Computer." The virtual conference room will open. If you receive a message reading, "Please wait for the host to start this meeting," simply remain in the room until the meeting begins.

To Attend or Listen by Phone:
Call (669) 900-6833 to access the meeting by phone. Enter the Meeting ID: 871 2149 9437, followed by #. Indicate that you are a participant by pressing # to continue. You will hear audio of the meeting in progress. Remain on the line if the meeting has not yet started.

PUBLIC COMMENT
The public may comment on any agenda item and any non-agenda item that is within the jurisdiction of the ULA COC during public comment. Speaking time shall not exceed two (2) minutes for any one speaker. Members of the public interested in addressing the ULA COC regarding matters on the printed agenda in-person must complete a "Speaker Card" form and submit it to a Department staff person.
Please note that this agenda includes a teleconference and a call-in option for public comment.

To Provide Public Comments In-Person:
Members of the public interested in addressing the ULA COC regarding matters on the printed agenda must complete a "Speaker Card" form and submit it to a Department staff person.

To Provide Public Comments by Computer:
If participating in real time via Zoom by computer, use the "Raise Hand" function on your computer to add yourself to the queue and wait for the Department staff person to announce your name. Once the staff gives you permission, use the Unmute function to speak.

To Provide Public Comments by Phone:
If participating in real time by phone, press *9 to add yourself to the queue and wait for the staff to announce the last 4 digits of your phone number. Once the staff gives you permission, press *6 to unmute your mic to speak.

NOTICE TO PAID REPRESENTATIVES
If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code 48.01 et seq. More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

SERVICES/REASONABLE ACCOMMODATIONS

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and upon request, will provide reasonable accommodation to ensure access to its programs, services and activities. Sign language interpreters, assisted listening devices, language translators or other auxiliary aids and/or services may be provided upon request. To ensure availability, requests need to be called in to LAHD at least five working days before the meeting. Please contact LAHD at (213) 808-8808, or email at lahd.ula.coc@lacity.org. Due to technological changes, if TTY is needed to contact us, please use Telecommunication Relay Services (TRS) such as Text-to-Voice TTY-based TRS, Speech-to-Speech Relay Service, Shared Non-English Language Relay Services, Captioned Telephone Service; IP Captioned Telephone Service, Internet Protocol Relay Service, or Video Relay Service or dial 711. Mail all COC correspondence to: ULA COC, 1200 W. 7th St, Suite 100, Los Angeles, CA 90017.

Requests for reasonable modification or accommodation from individuals with disabilities, consistent with the Americans with Disabilities Act can be made by contacting Matthew Serrano at lahd.ula.coc@lacity.org.

Language translation may be provided upon request. To ensure availability, requests need to be submitted to LAHD at least five working days before the meeting by telephoning (213) 808-8808 or e-mailing: lahd.ula.coc@lacity.org.

La traducción del lenguaje puede ser proporcionado bajo solicitud. Para asegurar la disponibilidad, la solicitud puede ser sometida al LAHD sección de audiencias por lo menos tres días laborales antes de día de la sesión llamando al (213) 808-8808 o correo electrónico: lahd.ula.coc@lacity.org.

Meetings are recorded.

Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R26-0571
OCT. 6, 2026

REPORT RE:

AN ORDINANCE AMENDING SECTION 22.618.3 OF ARTICLE 9, CHAPTER 24, DIVISION 22 OF THE LOS ANGELES ADMINISTRATIVE CODE TO MAKE TECHNICAL AMENDMENTS TO THE LEGAL REQUIREMENTS OF COVENANTS REQUIRED BY THE UNITED TO HOUSE LA PROGRAM

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. 26-0088-S2

Honorable Members:

As requested by the City Council, this Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. This draft ordinance makes technical amendments to Los Angeles Administrative Code (LAAC) Section 22.618.3 concerning covenants required by the United to House Los Angeles ballot measure and ordinance (ULA).

Background

On July 1, 2026, the City Council approved the following four technical amendments to ULA:

> "1. Amend Los Angeles Municipal Code (LAMC) Section 21.9.14 to add non-profit, Limited Liability Company, and/or a Limited Partnership whose general partner or managing member is a Limited

Liability Company or Limited Partnership wholly controlled by nonprofit corporation(s) meeting the affordable housing development qualifications.

2. Amend [LAAC Section 22.618.3(d)(1)(i)b.7] to provide necessary flexibility for seniority of affordability restrictions to be determined based on the requirements of other public funders.

3. Amend [LAAC Section 22.618.3(d)(1)(i)b.4 to clarify that the provisions related to ULA's resale restrictions are] not applicable in cases of transfers by foreclosure, deed-in-lieu of foreclosure, or other similar conveyance.

4. Amend [LAAC Section 22.618.3(d)(1)(i)b. to provide, notwithstanding Sections 22.618.3(d)(1)(i)b.1., b.2., and b.3.], flexibility for the [Los Angeles Housing Department (LAHD)] and/or other public lenders to permit an adjustment of rents, not to exceed the affordability levels described in Section 22.618.3(d)(1)(i)b., in instances where there is a loss of rental subsidy/rental assistance due to reasons not attributable to the developer, following substantially similar rent float up procedures and policies as provided in existing public lender regulatory agreements."

The draft ordinance providing the amendments called for by requests two through four are attached to this Report. This office is concurrently transmitting a separate report and draft ordinance providing request one.

ULA Citizen Oversight Committee Referral

The City Council may amend ULA provided that "such amendments shall further or facilitate the purposes of" ULA and the funds are "expended consistent" with LAAC Section 22.618.3; such amendments may not increase the tax imposed without voter approval; and such amendments may not diminish the requirements of LAAC Section 22.618.7. LAAC § 22.618.8(a). Before the adoption of any City Council-initiated amendment, the Citizens Oversight Committee (COC) "shall review any proposed amendment" and "may express an opinion on whether the amendment furthers the purposes" of ULA. *Id.* § 22.618.8(b). If the COC "opines that a proposed amendment is not consistent with those purposes, the City Council shall make written findings to the contrary supported by substantial evidence in the record before it to justify proceeding with the amendment despite that opposing opinion." *Id.*

A copy of this draft ordinance should be referred to the COC for its review and opinion prior to any action by the City Council. As specified in LAHD's April 2, 2026, Report (C.F. No. 26-0088-S2), the COC previously reviewed and supported the technical amendments described above. However, the COC has not reviewed the text of the draft ordinance attached to this Report.

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to LAHD with a request that any comments be transmitted directly to Council or its Committees when this matter is considered.

If you have any questions regarding this matter, please contact Deputy City Attorney Elaine Zhong at (213) 922-7715. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By John W. Heath
JOHN W. HEATH
Chief Assistant City Attorney

JWH:ez
Transmittal

ORDINANCE NO. _____

An ordinance amending Section 22.618.3 of Article 9, Chapter 24, Division 22 of the Los Angeles Administrative Code to make technical amendments to the legal requirements of covenants required by the United to House LA Program.

THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:

Section 1. Sub-subparagraph 4. of Subparagraph b. of Paragraph (i) of Subdivision (1) of Subsection (d) of Section 22.618.3 of Article 9, Chapter 24, Division 22 of the Los Angeles Administrative Code is amended to read as follows:

> 4. Any resale of rental property funded by this initiative shall be restricted to non-profit entities or Limited-Equity Housing Cooperatives, including but not limited to affordable housing corporations and Community Land Trusts, to ensure the continued use of the dwelling units as affordable housing as provided in this section. The foregoing resale restriction does not apply when the rental property funded by this initiative is transferred through foreclosure or a deed-in-lieu of foreclosure or similar conveyance.

Sec. 2. Sub-subparagraph 7. of Subparagraph b. of Paragraph (i) of Subdivision (1) of Subsection (d) of Section 22.618.3 of Article 9, Chapter 24, Division 22 of the Los Angeles Administrative Code is amended to read as follows:

> 7. The affordability restrictions shall be senior to and not subordinated to any lien, deed of trust, or condition or restriction to be recorded against the property, except for any land use-related affordability covenant, such that any entity taking title to the property or a dwelling unit by foreclosure or deed-in-lieu of foreclosure shall take title subject to the affordability restrictions. Notwithstanding the foregoing, the priority of the affordability restrictions may be subordinated to extent necessary to satisfy other public funding requirements.

Sec. 3. Sub-subparagraph 8. is added to Subparagraph b. of Paragraph (i) of Subdivision (1) of Subsection (d) of Section 22.618.3 of Article 9, Chapter 24, Division 22 of the Los Angeles Administrative Code as follows:

> 8. Notwithstanding Section 22.618.3(d)(1)(i)b.1., b.2., and b.3., if rental real property funded by this initiative is also supported by rental subsidies or other rental assistance and that subsidy or assistance is terminated or withdrawn for reasons not attributable to any fault of the owner, the affordability restrictions required by Section 22.618.3(d)(1)(i)b. may be adjusted within its limits. Adjustments to the affordability levels and rents must be made consistent with existing public lender policies and

procedures. Upon the reinstatement of rental subsidies or other rental assistance, the Department shall evaluate the affordability levels and rents according to existing public lender policies and procedures.

Sec. 4. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

HYDEE FELDSTEIN SOTO, City Attorney

By _____
ELAINE ZHONG
Deputy City Attorney

Date October 6, 2026

File No. 26-0088-S2

M:\Housing\LAHD\Zhong\01. Ordinances and Council Motions\ULA - 2026 Technical Amendments

The Clerk of the City of Los Angeles hereby certifies that the foregoing ordinance was passed by the Council of the City of Los Angeles.

CITY CLERK

MAYOR

_____ _____

Ordinance Passed_____

Approved _____

Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. R26-0599

OCT 14 2026

REPORT RE:

DRAFT ORDINANCE AMENDING SECTION 21.9.14 OF ARTICLE 1.9 OF CHAPTER II OF THE LOS ANGELES MUNICIPAL CODE TO EXEMPT CONVEYANCES OF REAL PROPERTY TO TWO-TIERED LIMITED PARTNERSHIPS AND LIMITED LIABILITY COMPANIES WHOSE GENERAL PARTNERS OR MANAGING MEMBERS ARE NON-PROFIT ENTITIES, WITH A HISTORY OF AFFORDABLE HOUSING DEVELOPMENT AND/OR AFFORDABLE HOUSING PROPERTY MANAGEMENT EXPERIENCE, FROM THE MEASURE ULA TAX

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. 26-0088-S2

Honorable Members:

Pursuant to your request and as recommended in the report of the Los Angeles Housing Department dated April 2, 2026 (Housing Report) (C.F. No. 26-0088-S2), this Office has prepared and now transmits for your consideration the enclosed draft ordinance, approved as to form and legality. The draft ordinance [1] adds an additional Measure ULA exemption for conveyances of real property to two-tiered limited partnerships and limited liability companies whose ultimate general partners or

[1] The City Council also requested, as part of the same action, an ordinance to amend Section 22.618.3 of Article 9 of Chapter 24 of Division 22 of the Los Angeles Administrative Code (LAAC) to amend the housing covenants required for projected funded by Measure ULA funds. This Office transmitted that draft ordinance on October 6, 2026 as part of City Attorney Report No. R26-0571.

managing members are non-profit entities, with a history of affordable housing development or management experience.

On November 8, 2022, the City of Los Angeles voters approved "Measure ULA– Funding for Affordable Housing and Tenant Assistance Programs Through A Special Tax on Real Property Transfers Over $5 Million" (Measure ULA). Measure ULA approved a special voter tax initiative to fund affordable housing projects and programs throughout the City. Measure ULA amended the City's present Real Property Transfer Tax by adding an additional tiered transfer tax on properties sold for over $5 million (ULA Tax), subject to certain exemptions for qualified affordable housing developers that are non-profits, community land trusts, limited partnerships and limited liability companies having a nonprofit or community land trust general partner or managing member with affordable housing development or management experience, and governmental entities, amongst others.

As explained in the Housing Report, the existing ULA Tax exemption applicable to partnership structures excluded certain tiered partnership structures typically utilized by non-profit sponsors of affordable housing developments. To conform with the voter-adopted ULA exemption, non-profit sponsors pursued organizational changes in their holding structures at appreciable transactional expense. This has impeded or delayed the construction of affordable housing developments within the City. To lessen the transactional burden encountered by non-profit affordable housing sponsors, the Housing Report suggested a technical amendment to the Measure ULA exemption. As noted above the draft ordinance proposed to add an additional Measure ULA exemption for conveyances of real property to two-tiered limited partnerships and limited liability companies whose ultimate general partners or managing members are non-profit entities, with a history of affordable housing development or management experience. This will accommodate the typical partnership structures utilized by non-profit sponsors of affordable housing developments.

ULA Citizen Oversight Committee Referral

Under Measure ULA, before the adoption of any Council-initiated amendment, the proposed amendment is subject to the review of the Citizens Oversight Committee (COC).[2] The COC shall have the opportunity to "review any proposed amendment" and "may express an opinion on whether the amendment furthers the purposes" of Measure ULA.[3] If the COC "opines that a proposed amendment is not consistent with those purposes, the City Council shall make written findings to the contrary supported by substantial evidence in the record before it to justify proceeding with the amendment despite that opposing opinion."[4]

[2] LAAC § 22.618.8(b).
[3] *Id*.
[4] *Id.*

A copy of this draft ordinance should therefore be referred to the COC prior to any action by the City Council. As noted in the Housing Report, the COC previously reviewed and supported the technical amendments described above. However, the COC has not reviewed the text of the draft ordinance attached to this Report

Council Rule 38 Referral

A copy of the draft ordinance was sent, pursuant to Council Rule 38, to the Los Angeles Housing Department and its comments have been incorporated.

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

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By

MICHAEL J. DUNDAS
Chief Assistant City Attorney

MJD:CSH:vw
Transmittal

ORDINANCE NO._____

An ordinance amending Section 21.9.14 of Article 1.9 of Chapter II of the Los Angeles Municipal Code to exempt conveyances of real property to two-tiered limited partnerships and limited liability companies whose general partners or managing members are non-profit entities, with a history of affordable housing development and/or affordable housing property management experience, from the Measure ULA Tax.

THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:

Section 1. Section 21.9.14 of Article 1.9, Chapter II of the Los Angeles Municipal Code is amended to read as follows:

SEC. 21.9.14. EXEMPTION - QUALIFIED AFFORDABLE HOUSING ORGANIZATION.

The Homelessness and Housing Solutions Tax imposed by Subsection (b) of Section 21.9.2 of this Code shall not apply with respect to any deed, instrument or writing by which any lands, tenements, or other realty sold within the City of Los Angeles shall be granted, assigned, transferred or otherwise conveyed to, or vested in, a purchaser or purchasers, or any other person or persons, by the person or their direction if such transferee is: (1) a non-profit entity within Internal Revenue Code Section 501 (c)(3); (2) a Community Land Trust, as defined in Section 22.618.2 of the Los Angeles Administrative Code; (3) a Limited-Equity Housing Cooperative, as defined by California Civil Code Section 817; (4) a limited partnership or limited liability company in which only bona fide nonprofit corporations, Community Land Trusts, and/or Limited-Equity Housing Cooperatives are the general partners or managing members; or (5) a limited partnership or limited liability company whose general partner or managing member is a limited partnership or limited liability company with a non-profit entity or non-profit entities, within the meaning of Internal Revenue Code Section 501 (c)(3), serving as the general partner(s) or managing member(s). To qualify for an exemption under this section, the transferees or one of its partners or members described in (1) through (4) above, or the non-profit entity(ies) that is the general partner or managing member described in (5) above, must demonstrate a history of affordable housing development and/or affordable housing property management experience, as determined by the Los Angeles Housing Department, or its successor agency, according to a procedure that will be promulgated by the Los Angeles Housing Department, or its successor agency. Community Land Trusts and Limited- Equity Housing Cooperatives may qualify for an exemption under this subsection without demonstrating a history of affordable housing development and/or affordable housing property management experience by (a) partnering with experienced non-profit organizations as the Los Angeles Housing Department, or its successor agency, defines those terms consistently with the purpose of Article 9 of Chapter 24 of Division 22 of the Los Angeles Administrative Code; or (b) recording at the time of acquisition an

affordability covenant consistent with Section 22.618.3(d)(l)(i)b. of the Los Angeles Administrative Code.

Sec. 2. The City Clerk shall certify the passage of this ordinance and have it published in accordance with the Council policy, either in a daily newspaper circulated in the City of Los Angeles of by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

HYDEE FELDSTEIN SOTO, City Attorney

By_____
CHARLES S. HONG
Assistant City Attorney

Date 10/13/26

File No._____

[M:\Econ Dev_Pub Finance\Public Finance\ORDINANCE AND REPORTS\CF 26-0088-2 (Technical Exemption Revision) Ordinance Amending LAMC 21.9.14_Technical Exemption Revision.docx 10-13-26 Final.docx]

The Clerk of the City of Los Angeles hereby certifies that the foregoing ordinance was passed by the Council of the City of Los Angeles

CITY CLERK

MAYOR

_____

_____

Ordinance Passed_____

Approved_____

LAHD
LOS ANGELES HOUSING DEPARTMENT

UNITED TO HOUSE LA

Draft Proposed Framework for ULA Tax Incentive for New Affordable Housing

Item 5.
Measure ULA Citizen Oversight Committee
October 22, 2026

Background - City Council Direction

On July 1, 2026, City Council instructed the Los Angeles Housing Department, in coordination with the City Attorney, to report back on the establishment of a **pilot tax credit program** to reduce the ULA tax for new multifamily and mixed-use affordable housing projects that further the purposes of Measure ULA (CF 26-0782)

The Council instruction specified that projects should be eligible for the **5-year pilot tax credit** program if:

- The project includes housing **affordable** to lower-income households and is subject to a recorded covenant;
- The multifamily or mixed-use property is **primarily used for residential purposes;**
- The project received its **building permit after the program's effective date;**
- **Prevailing wages** were paid for the project construction work;
- The sale occurred within **ten years** of issuance of the certificate of occupancy for newly constructed residential units;
- The project resulted in a **net gain** of affordable units;
- And other requirements to **further the purposes of ULA** as recommended by LAHD, the Department of City Planning, the City Attorney, and the ULA Oversight Committee.

Background - City Council Direction

- City Council also instructed LAHD, in coordination with the ULA COC, to conduct a **"long-term study focusing on examining economic impacts, housing production, service delivery and programmatic outcomes since ULA's inception"** (CF 26-0088-S1)
    - One goal of this analysis will be to evaluate the trade-offs between potential impacts to development feasibility and overall potential ULA revenues
- This study will also support evaluation of the 5-year pilot program, and support potential future recommendations to continue, modify, or terminate the pilot program

Background - Current ULA Exemptions

ULA includes an exemption for transactions where the purchaser demonstrates a history of affordable housing development and is either:

1. a non-profit entity
2. a Community Land Trust
3. a Limited-Equity Housing Cooperative; or
4. a limited partnership or limited liability company in which only bona fide nonprofit corporations, Community Land Trusts, and/or Limited-Equity Housing Cooperatives are the general partners or managing members*

A limited number of additional exemptions are provided within the ULA measure that are unrelated to affordable housing development.

**Proposed Technical Amendments (CF 26-0088-S2) would amend this requirement to better reflect typical non-profit affordable housing ownership structures*

Background - City Council Authority to Amend ULA

- Measure ULA provides authority to the City Council to amend provisions of ULA if such amendments **further the goals of ULA** (as stated in Admin Code Sec. 22.618.1), do not change how funds are expended, do not increase the tax rate, and do not diminish the labor provisions applicable to construction funded by ULA.
- The goals of ULA explicitly reference affordable housing production: for example,
    - goal b) includes “addressing the City’s residents’ **need for affordable housing** and tenant protections in each of the Council Districts, **Affirmatively Furthering Fair Housing goals, Housing Element goals** and **Regional Housing Needs Assessment affordable housing allocations”** and
    - goal e) includes “Increasing the **supply of affordable housing served by transit”**

The Concept

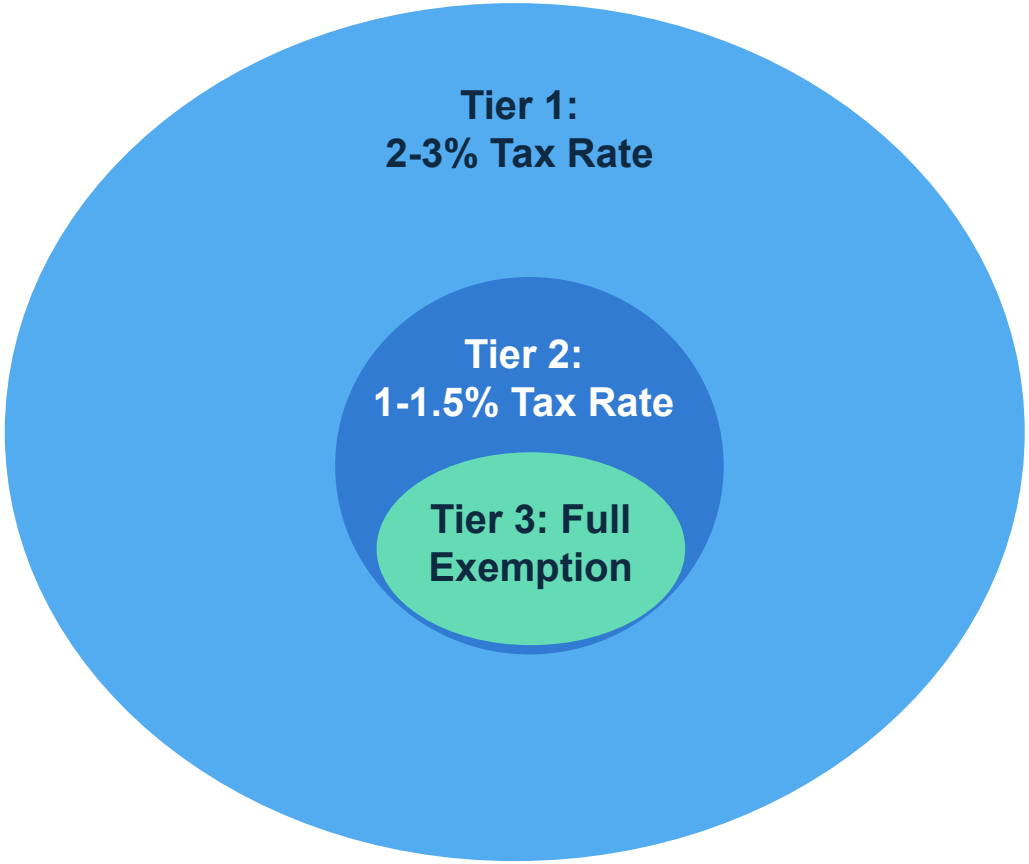
Create a ULA Pilot Tax Incentive program to encourage **new** multifamily housing construction that provides **affordability**, stronger **worker protections**, and **minimizes displacement** in furtherance of the goals of ULA

The Concept - A Tiered Pilot Tax Incentive Program

Increase the available reduction in the ULA tax rate based on

- Affordability
- Labor Standards
- Anti-Displacement and Replacement Requirements

The greater the affordability, the stronger the labor standards and the stricter the anti-displacement/replacement requirements, the greater the potential reduction in the ULA tax to be paid



Concept: Incentivizing Affordability

Background on Affordable Housing Incentive Programs

The City incentivizes new affordable housing production through **land use incentive** programs

These **land use incentives** allow developers to build **more dense housing** in exchange for providing a certain percentage of restricted **affordable housing**

The more affordable units provided, the more total units are allowed to be built

Image Source: Los Angeles City Planning

Concept: Incentivizing Affordability

- The City's land use incentive programs were tailored to **affirmatively further fair housing**, encourage **deeply affordable** units, and incentivize housing development near **transit** — all of which are included in the **goals of ULA**
    - For example, more dense housing is allowed in higher resource areas and near transit in exchange for higher affordability requirements
- Mixed-income projects are also eligible for an exemption from the **Affordable Housing Linkage Fee** - creating a "carrot and stick approach"
- This approach has been successful. Approximately **85% of all housing developments** permitted in 2025 **included affordable units**

Lower Income Affordability requirements for an Affordable Housing Linkage Fee Exemption

8% Extremely Low Income

11% Very Low Income

20% Low Income

To incentivize affordability, the ULA Pilot Tax Incentive Program proposal builds off the existing affordable housing ***incentive program*** *framework by* ***reducing the ULA transfer tax rate*** *for projects that meet or* ***exceed the affordability levels*** *required for existing land use programs and fee exemptions*

Concept: Incentivizing Labor Standards

*The ULA Pilot Tax Incentive Program is also designed to incentivize higher **labor standards** including:*

Prevailing Wage

Requires a set rate (determined by the State) for all workers

Monitored and enforced by the City

Project Labor Agreement

a pre-hire collective bargaining agreement between project owners, contractors, and building trade labor unions that sets the terms and conditions of employment for a specific construction project before any workers are hired

Concept: Incentivizing Anti-Displacement

Background & Policy Context

Current Requirement

Housing developments are currently required to replace existing protected units on a 1:1 basis

Protected Unit Definition

Includes RSO units, units occupied by low-income households, or deed-restricted affordable units

Tax Incentive Objective

To minimize displacement and preserve affordable housing, proposed tax incentives increase replacement ratios

Example: A project that Demolishes 5 Occupied RSO Housing Units

5 Units	**Existing Law Baseline (1:1)** Requires **5 replacement units**
6 Units	**Net Gain Requirement** Requires **6 affordable replacement units**
10 Units	**2:1 Replacement Ratio** Requires **10 affordable replacement units**
50 Units	**10:1 Replacement Ratio** Requires **50 affordable replacement units**

To minimize displacement, the ULA Pilot Tax Incentive Program proposal includes ***higher affordable housing replacement requirements*** *for each each tier of ULA transfer tax reduction*

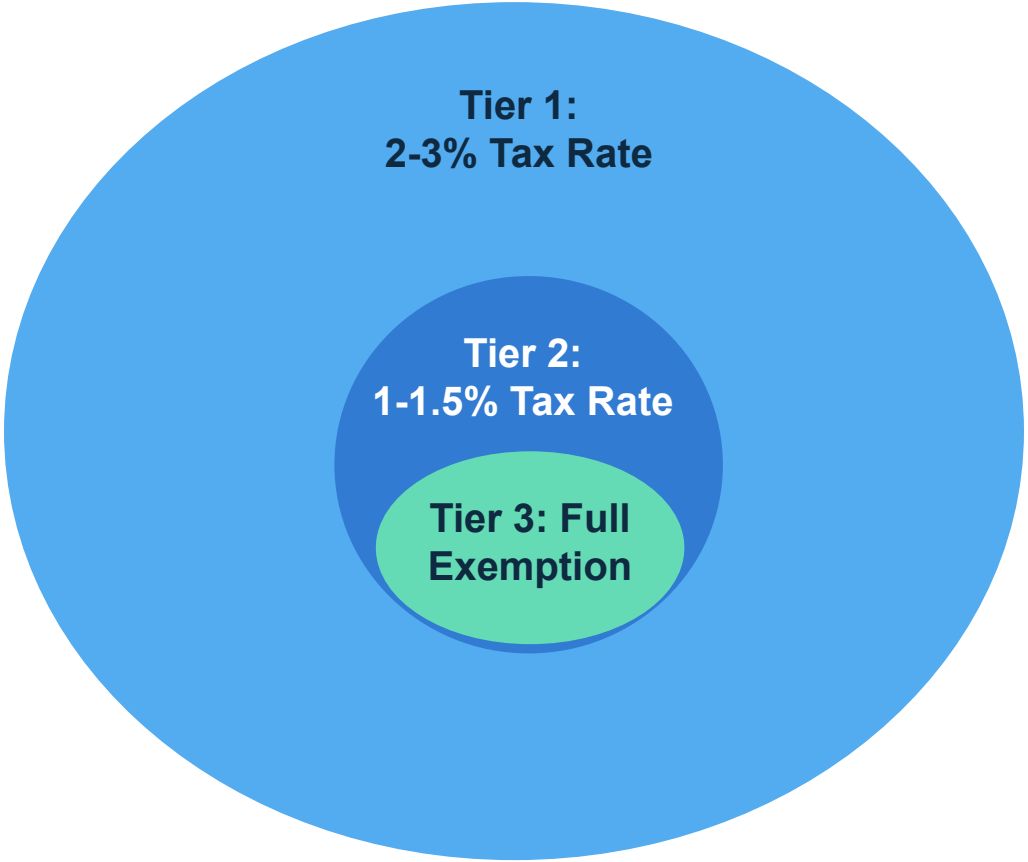
This incentivizes development that ***minimizes the loss*** *of existing housing*

Concept: Allowing for Readjustment

The ULA Pilot Tax Incentive Program would **automatically sunset after 5 years**, and may only be renewed by the City Council if findings from the study support continuation of the pilot

Since the Pilot Program would be created by ordinance, not ballot measure, there is an opportunity to monitor and continue to make refinements as needed throughout the five year pilot period

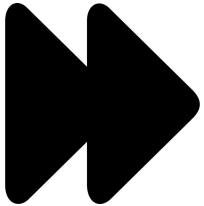
Proposed Tiers



General Requirements Applicable to All Tiers

Sold to a non-exempt entity

Multifamily & Primarily Residential



Forward looking

10-year window, one-time sale

Not a bundled sale with ineligible buildings

In compliance with all housing laws

Proposed Tier 1

Tier 1 Requirements:

Meet all General Requirements

+

Affordability:

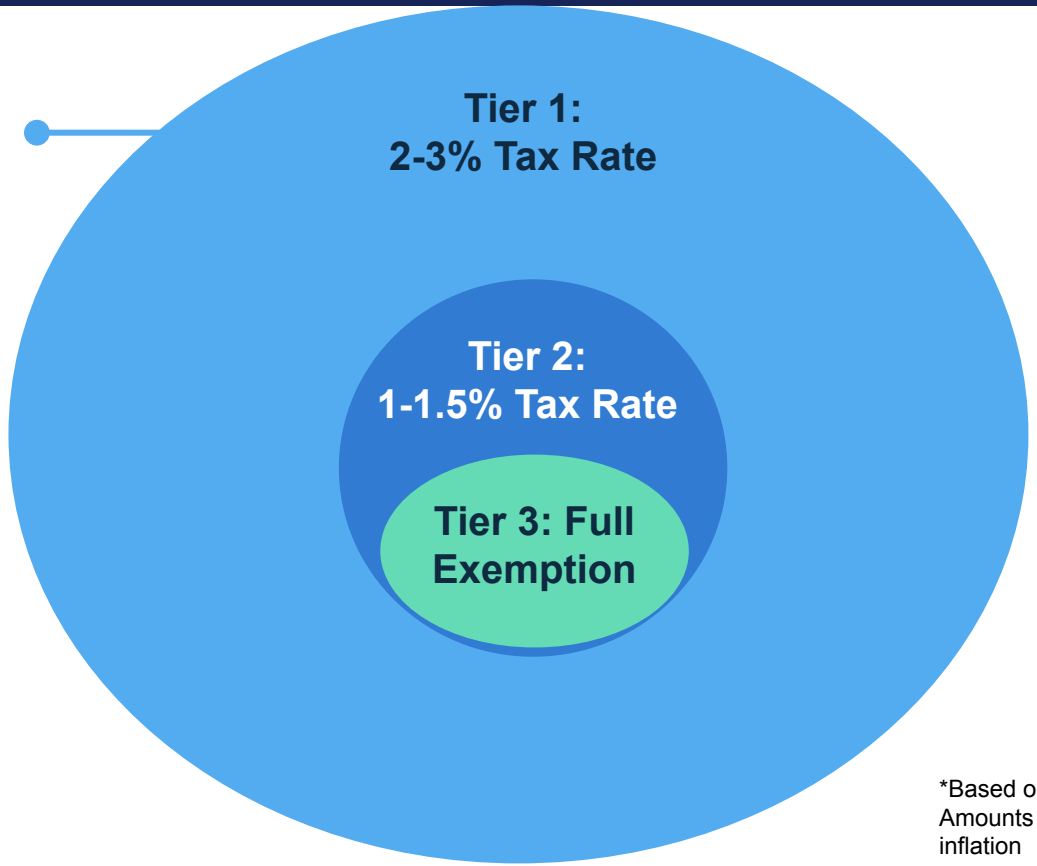
Provide at least 8% ELI units, 11% VLI units, or 20% LI

Labor:

Project Labor Agreement (PLA) if building height over 85 ft.

Replacement:

Net gain of affordable units



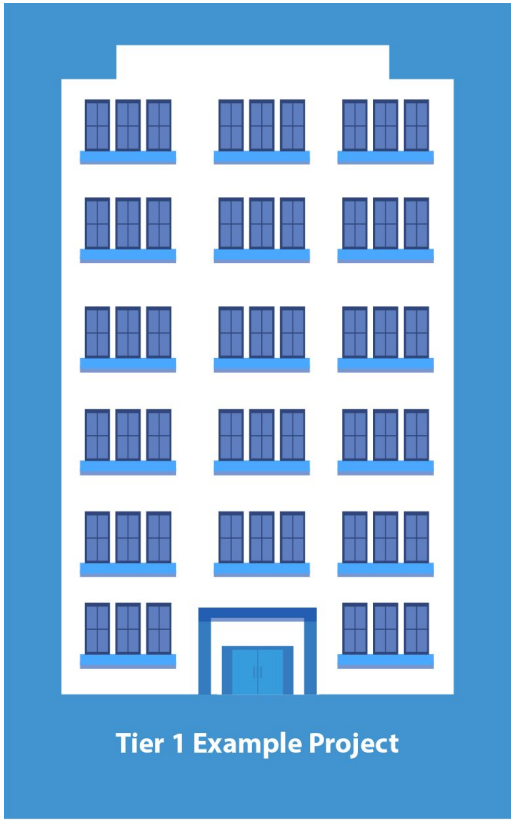
Tier 1:

2% tax rate for sales between $5.4 and $10.9M*

3% tax rate for sales over $10.9M*

*Based on 2026 thresholds
Amounts adjusted annually for inflation

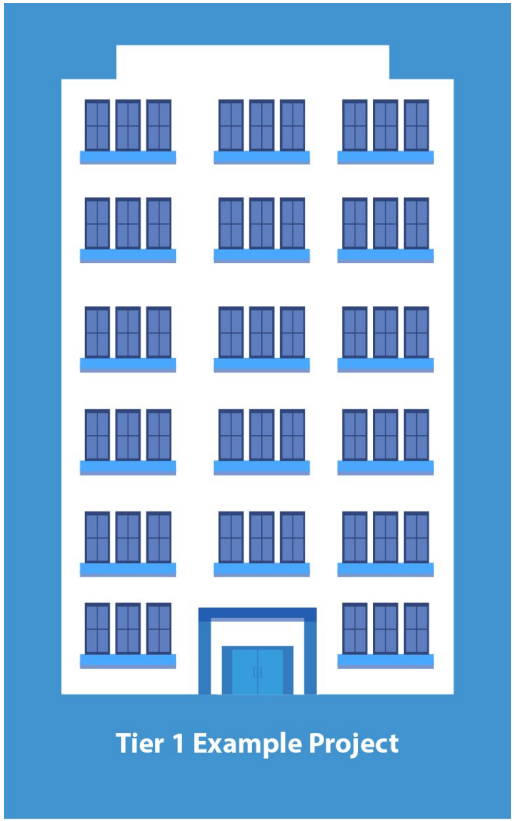
Tier 1 - Illustrative Project



Consider a theoretical 40 unit, 6 story apartment located near a high quality transit station:

- Used Transit Oriented Incentives Area (TOIA) program to increase density, includes 6 Extremely Low Income units (13%) as required by TOIA Program
- Includes more new affordable units than the number of protected units that were demolished
- New construction permits were issued after the effective date of the ordinance
- In compliance with all LAHD regulations

Tier 1 - Illustrative Project



The owner chooses to sell the building for **$30 million** within 10 years of the project's completion (certificate of occupancy)

Previous ULA amount due (5.5% rate): $1,650,000

ULA amount due with tax incentive (3% rate): $900,000

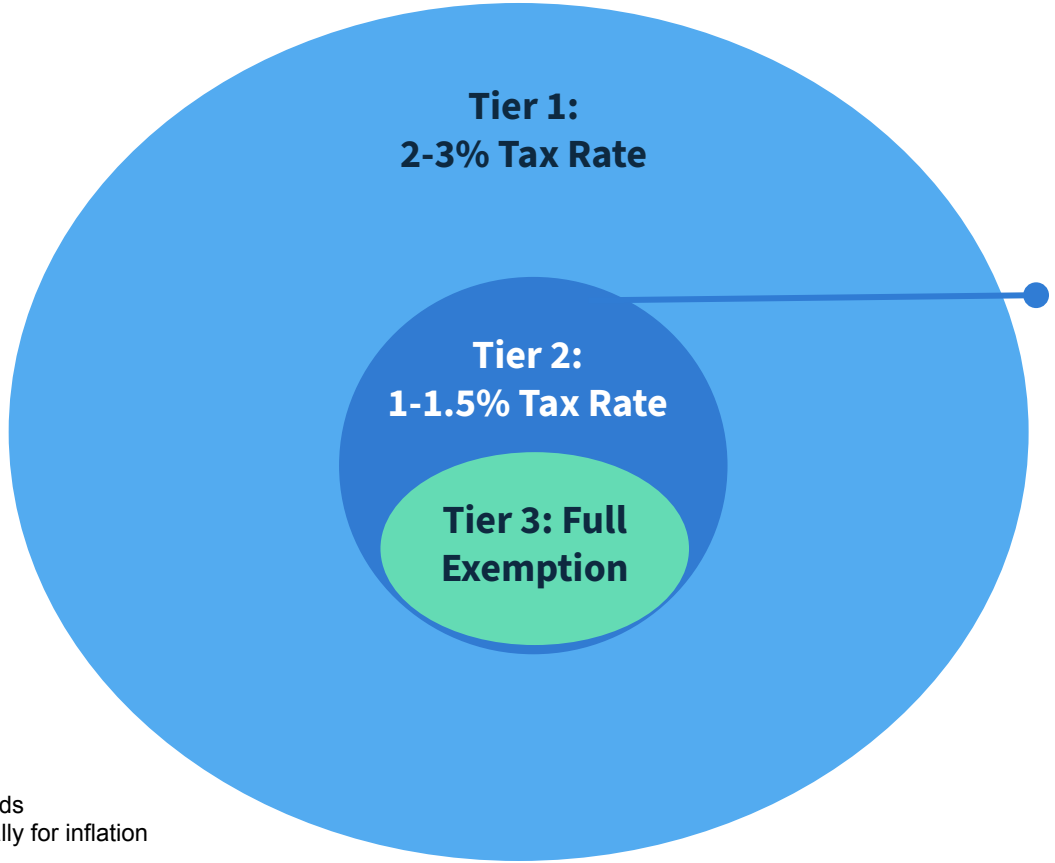
Total Savings for Transaction = $750,000

Proposed Tier 2 - Mixed-Income Projects

Tier 2:

1.5% tax rate for sales between $5.4 and $10.9M*

1% tax rate for sales over $10.9M*



*Based on 2026 thresholds
Amounts adjusted annually for inflation

Tier 2 Mixed-Income Requirements:

Meet all General Requirements

+

Affordability:

Provide the Lower Income affordability level required for Linkage Fee exemption (8% ELI, 11% VLI, or 20% LI)

Labor:

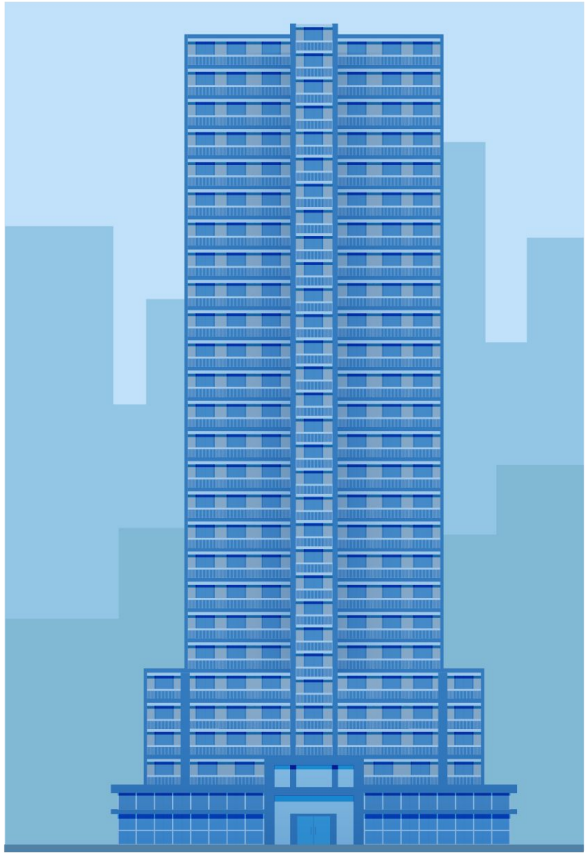
Prevailing Wage

PLA if building height over 85 ft.

Replacement:

2:1 Replacement

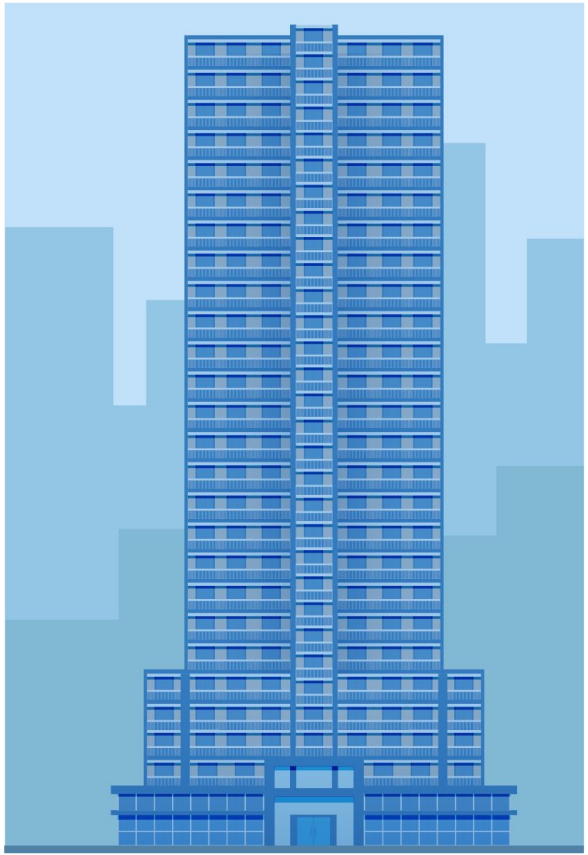
Tier 2 - Mixed-Income Illustrative Project



Consider a theoretical 400 unit, 55 story apartment building located in Downtown LA (DTLA)

- Built on a former parking lot (no housing units demolished)
- Includes 32 Extremely Low-Income affordable units as required by the DTLA Affordable Housing Incentive Program
- Included a Project Labor Agreement
- New construction permits were issued after the effective date of the ordinance
- In compliance with all LAHD regulations

Tier 2 - Mixed-Income Illustrative Project



The owner chooses to sell the building for **$250 million** within 10 years of the project's completion (certificate of occupancy)

Previous ULA amount due (5.5% rate): $13,750,000

ULA amount due with tax incentive (1.5% rate): $3,750,000

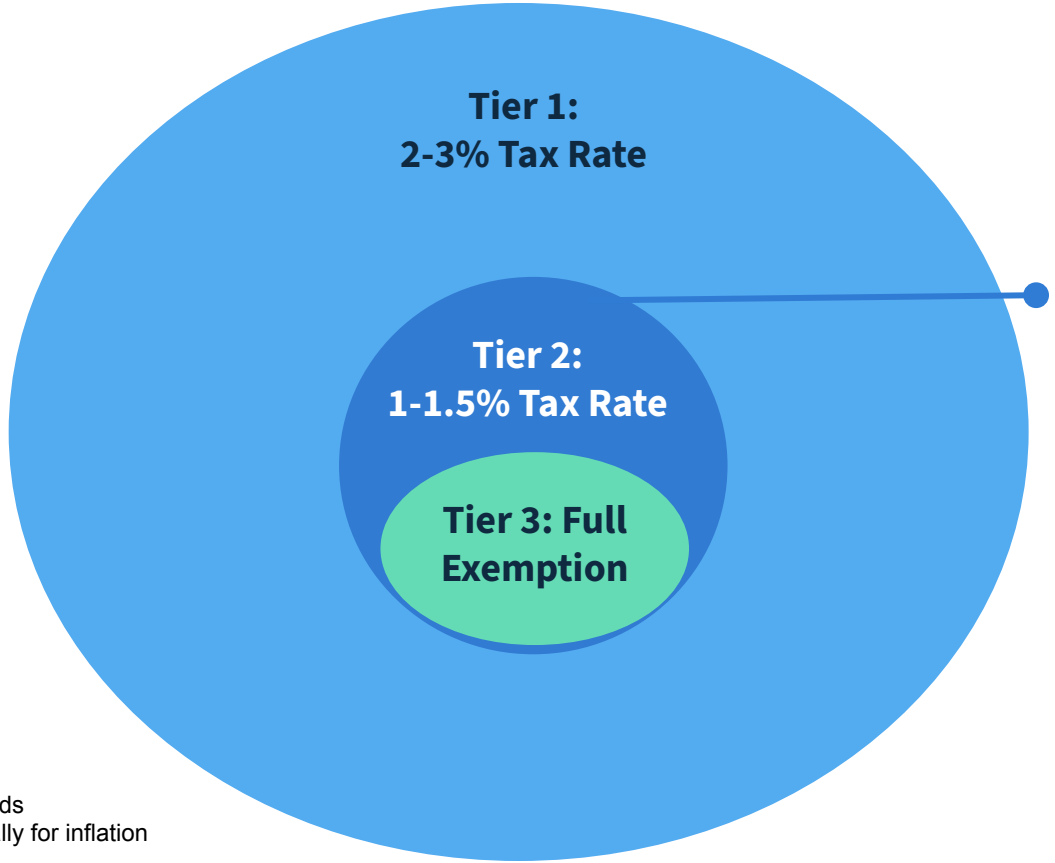
Total Savings for Transaction = $10,000,000

Proposed Tier 2 - Majority Affordable Projects

Tier 2:

1.5% tax rate for sales between $5.4 and $10.9M*

1% tax rate for sales over $10.9M*



*Based on 2026 thresholds
Amounts adjusted annually for inflation

Tier 2 Majority Affordable Requirements:

Meet all General Requirements

+

Affordability:

50%+ units affordable to Lower Income households

Located in High Market Area

Labor:

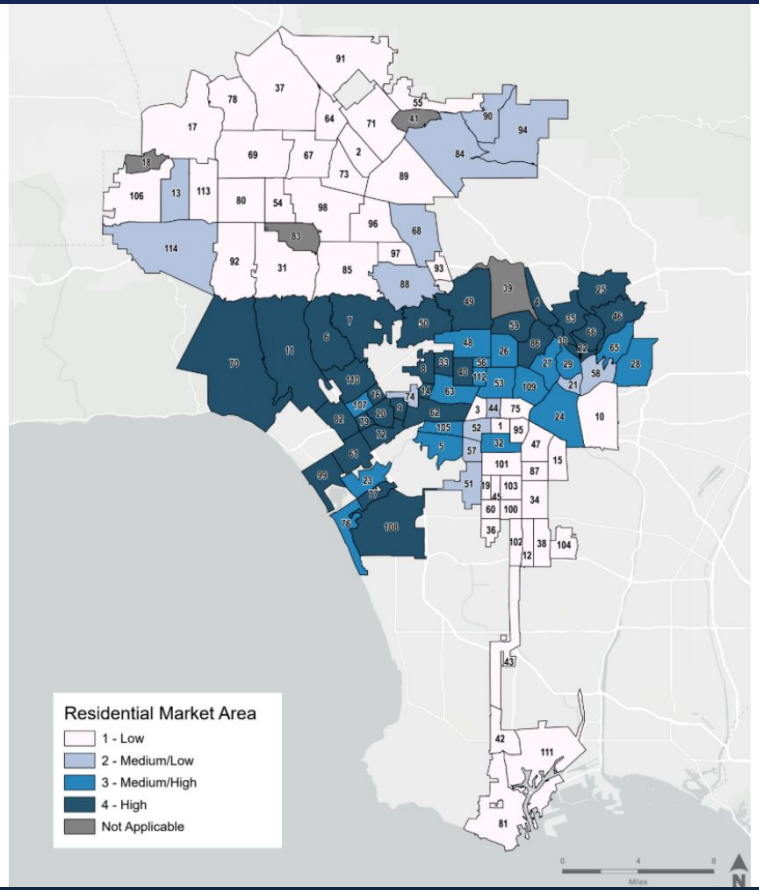
PLA if building height over 85 ft.

Replacement:

2:1 Replacement

Residential Market Area Map

High Market Areas shown in **dark blue**



Map Source: Los Angeles City Planning

Tier 2 - Affordable Housing Illustrative Project

Consider a theoretical 40 unit, 7 story apartment building located in West LA

- Includes 32 low-income units and 8 moderate-income units as required by Executive Directive 1
- Privately financed
- Located in a High Market Area
- New construction permits were issued after the effective date of the ordinance
- In compliance with all LAHD regulations

Tier 2 - Affordable Housing Illustrative Project

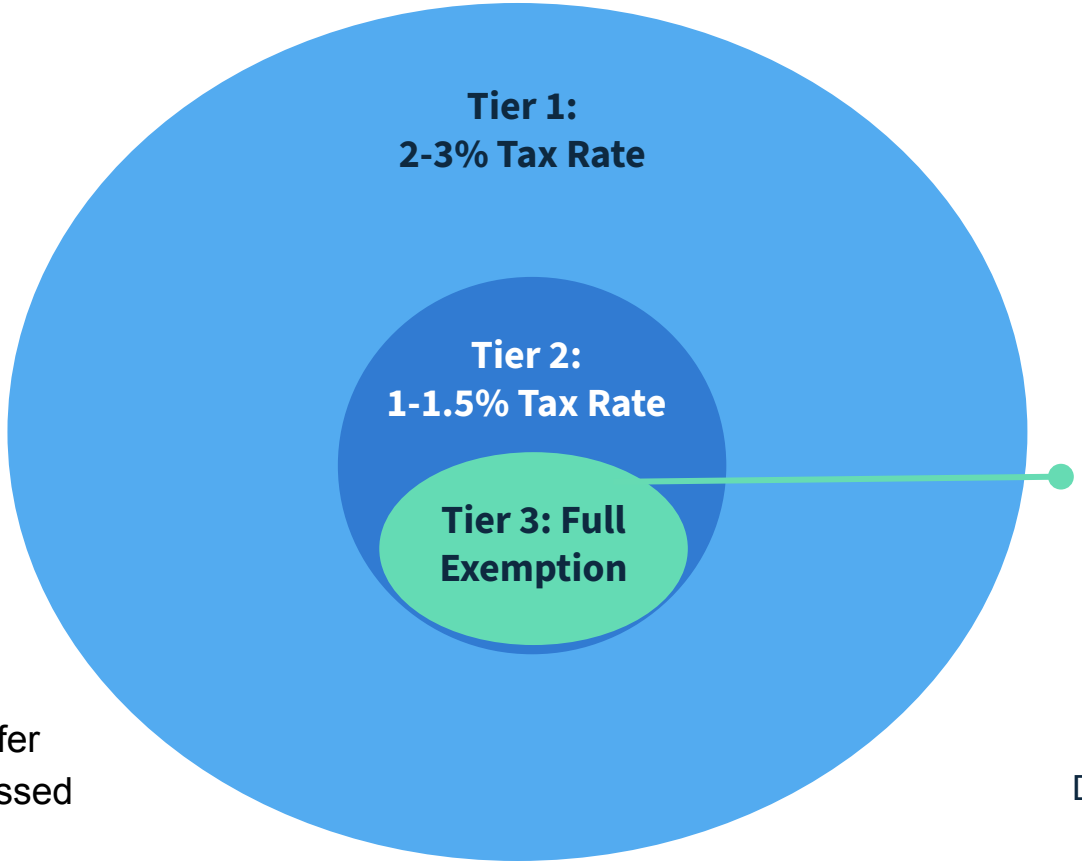
The owner chooses to sell the building for **$15 million** within 10 years of the project's completion (certificate of occupancy)

Previous ULA amount due (5.5% rate):
$825,000

ULA amount due with tax incentive (1.5% rate):
$225,000

Total Savings for Transaction = $600,000

Proposed Tier 3



Tier 3:

No transfer tax assessed

Tier 3 Requirements:

Meet all General Requirements

+

Affordability:

50%+ units affordable to Lower Income households

Labor:

Prevailing Wage

PLA if building height over 85 ft.

Replacement:

10:1 Replacement

Does not require the demolition of 12 or more RSO units

Tier 3 - 100% Affordable Housing Illustrative Project

Consider a theoretical 50 unit, 4 story affordable housing development

- 100% affordable project (49 units affordable to Lower Income households)
- Paid prevailing wage
- There was no demolition of RSO/affordable units
- New construction permits were issued after the effective date of the ordinance
- In compliance with all LAHD regulations

Tier 3 - 100% Affordable Housing Illustrative Project

The owner chooses to sell the building for **$25 million** within 10 years of the project's completion (certificate of occupancy)

Previous ULA amount due (5.5% rate): **$1,375,000**

ULA amount due with tax incentive (full exemption): **$0**

Total Savings for Transaction = $1,375,000

Comparison - All Proposed Tiers

Tier	Tax Rate	Affordability Requirements	Labor Requirements	Anti-Displacement/ Replacement Requirements
Tier 1	**2% to 3%** 2% between $5.4* and $10.9M* and 3% over $10.9M*	**Mixed-income** (8% ELI, 11% VLI, or 20% LI)	PLA if over 85 ft in height	A **net gain** in affordable units
Tier 2	**1% to 1.5%** 1% between $5.4* and $10.9M* and 1.5% over $10.9M*	**Mixed-income** (8% ELI, 11% VLI, or 20% LI)	Prevailing wage; PLA if over 85 ft in height	**2:1 replacement** of protected units
		50%+ Affordable, located in **Linkage Fee High Market Area** (80% AMI or lower)	PLA if over 85 ft in height	**2:1 replacement** of protected units
Tier 3	**Fully exempt**	**50%+ Affordable** (80% AMI or lower)	Prevailing wage; PLA if over 85 ft in height	**10:1 replacement** of protected units and does not require the demolition of 12 or more RSO units

Implementation

- New Tax Incentive Pilot program would be administered by LAHD
- Eligibility for reduced tax rate or tax exemption subject to determination by LAHD that all applicable requirements are met
- Ordinance should direct LAHD to promulgate implementation guidelines that provide additional information on procedures for compliance with prevailing wage and PLA requirements

Projected Revenue Impact

- Impact in early years will be very low
- Based on past ULA Transactions, multifamily housing built within 10 years of its sale date accounted for:
  - 1% of revenue
  - A total of $10,842,389 (Apr 2023-Dec 2025)
  - $3,351,384 on average per year
- This proposal would likely result in even less revenue impact since:
  - Most projects would still be assessed a 3% tax rate
  - Projects that do not meet the requirements would be assessed at the full 5.5% rate
- Past transactions may not be reflective of future transactions, which is why a study is necessary

Next Steps and Anticipated Timeline

Oct. 2026	Nov. to Dec. 2026		Early 2027	Spring 2027	
01	02	03	04	05	06
ULA COC consideration of proposed Pilot Program Framework	LAHD transmits report with proposed Pilot Program Framework and ULA COC findings to City Council	Consideration of Framework by Housing Committee and full City Council; Direction to City Attorney & LAHD to Draft Ordinance	City Attorney Prepares Draft Ordinance and issues report	ULA COC consideration of Draft Ordinance and adoption of findings	Consideration and adoption of ordinance by Housing Committee and full City Council

Thank You

Appendix - Detailed Descriptions

General Requirements Applicable to All Tiers

- Sold to a **non-exempt** entity
- The multifamily or mixed-use project is primarily used for residential purposes, at least **two-thirds** of the total building square footage is permitted as housing, and the project contains at least **five** newly constructed dwelling units
- All units on the property received their **new construction** building permit after the Pilot program's effective date
- The **sale occurred within ten years** of the issuance of the certificate of occupancy for newly constructed residential units and is the first sale after the new construction permit
- The project is **not part of a multi-parcel transaction** that includes any properties or parcels with buildings that do not meet all the exemption criteria
    - Multi-parcel condominium projects that otherwise meet the Pilot Program requirements *may* be eligible

General Requirements Applicable to All Tiers

- The owner and the property are in **compliance with all applicable housing regulations** in effect at the time of the sale, including but not limited to:
  - None of the parties involved in the transaction have been placed on the LAHD Anti-Harassment Violators Database.
  - All units in the property have been registered on the Rent Registry
  - There are no outstanding code enforcement violations
  - Property is in compliance with the affordability covenant
  - In compliance with all applicable requirements of the City's Resident Protection Ordinance and the California Housing Crisis Act

Proposed Tier 1 Requirements

Affordability Requirements

- The project includes at least the minimum number of deed-restricted lower-income affordable housing units necessary to qualify for an affordable housing exemption from the Affordable Housing Linkage Fee, as described in Los Angeles Municipal Code (LAMC) Section 19.18 B.2(b), and comply with all requirements described in that Section of the LAMC.

Labor Requirements

- If the project is over 85 feet in building height, the development was subject to a Project Labor Agreement monitored and confirmed by the City

Anti-Displacement/Affordable Housing Replacement Requirements

- If the project required the demolition of protected units, the project resulted in a net increase in affordable units

Proposed Tier 2 Requirements - Mixed-Income Projects

For Mixed-Income Projects (less than 50% affordable)

Affordability Requirements

- Same as Tier 1

Labor Requirements

- Prevailing wages were paid for project construction work, subject to monitoring and confirmation by the City
- If the project is over 85 feet in building height, the development was subject to a Project Labor Agreement monitored and confirmed by the City

Anti-Displacement/Affordable Housing Replacement Requirements

- If the project required the demolition of protected units, the project replaces at least twice the number of protected units located on the project site

Proposed Tier 2 Requirements - Majority Affordable Projects

For Majority Affordable Projects (50%+ affordable)

Affordability Requirements

- 50% or more of the units in the project are affordable to Lower Income households (80% AMI or below)
- Located in a Linkage Fee High Market Area

Labor Requirements

- If the project is over 85 feet in building height, the development was subject to a Project Labor Agreement monitored and confirmed by the City

Anti-Displacement/Affordable Housing Replacement Requirements

- If the project required the demolition of protected units, the project replaces at least twice the number of protected units located on the project site

Proposed Tier 3 Requirements

Affordability Requirements

- 50% or more of the units in the project are affordable to Lower Income households (80% AMI or below)

Labor Requirements

- Prevailing wages were paid for project construction work subject to monitoring and confirmation by the City
- If the project is over 85 feet in building height, the development was subject to a Project Labor Agreement monitored and confirmed by the City

Anti-Displacement/Affordable Housing Replacement

- If the project required the demolition of protected units, the project replaces at least ten times the number of previously existing protected units
- The project did not involve the demolition of 12 or more RSO units that were occupied in the prior 5 years

LOS ANGELES HOUSING DEPARTMENT

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housing.lacity.gov

Summary of Proposed ULA Pilot Tax Incentive Program

ULA Citizen Oversight Committee, October 22, 2026

BACKGROUND

On July 1, 2026, the Los Angeles City Council instructed the Los Angeles Housing Department (LAHD), in coordination with the City Attorney, to report back on the establishment of a pilot tax credit program to reduce the United to House LA (ULA) tax for newly constructed multi-family and mixed-use affordable housing projects that further the purposes of ULA. The full Council direction may be accessed in Council File 26-0782.

PROPOSED FRAMEWORK

In response to the Council direction, LAHD has developed a draft proposal for a three-tiered Tax Incentive Program that would reduce the applicable ULA transfer tax rate for projects that include affordable units, stronger labor standards, and stronger anti-displacement and affordable housing replacement requirements, in furtherance of the goals of ULA.

The proposal would create a five-year pilot program, that if implemented, would be subject to further study and evaluation. At the end of the five-year pilot program, the study and evaluation would support potential future recommendations to continue, modify, or terminate the pilot program.

General Requirements

In order to be eligible for the ULA Pilot Tax Incentive Program, all projects shall meet the following requirements:

- **Sold to a Non-exempt Entity -** If the property or properties are sold to an exempt entity, such as a qualifying affordable housing non-profit organization, the transaction would already be eligible for an exemption from the ULA transfer tax, under existing ULA exemptions.
- **Primarily Residential & Multifamily -** The multifamily or mixed-use project must be primarily used for residential purposes, at least two-thirds of the total building square footage must be permitted as housing, and the project must contain at least five newly constructed dwelling units.
- **Forward Looking -** All units on the property must have received their new construction building permit after the Pilot Program's effective date.
- **10 Year Window & One-Time Sale -** The sale must occur within ten years of the issuance of the certificate of occupancy for newly constructed residential units, and the Pilot Program shall apply only to the first sale after the new construction permit;
- **Not a Bundled Sale with Ineligible Buildings -** The transaction cannot be a bundled sale that includes any properties or parcels with buildings that do not meet all applicable exemption criteria. Multi-parcel condominium projects that otherwise meet the Pilot Program requirements may be eligible
- **In Compliance with all Housing Laws -** The owner and the transacted property/properties must be in compliance with all applicable housing laws and regulations in effect at the time of the sale, including but not limited to:

- None of the parties involved in the transaction have been placed on the LAHD Anti-Harassment Violators Database
- All units in the property have been registered on the Rent Registry
- There are no outstanding code enforcement violations
- The property is compliance with the affordability covenant
- The project is in compliance with all applicable requirements of the City's Resident Protection Ordinance and the California Housing Crisis Act

Proposed Tier 1 Requirements

Tier 1 would allow for a reduction of the applicable ULA transfer tax amount to:

- 2% for properties between the annually adjusted $5 to $10 million thresholds, or
- 3% for properties over the annual adjusted $10 million threshold.

In addition to meeting all of the General Requirements described above, to qualify for the tax incentives provided in Tier 1, the project shall meet the following affordability, labor, and anti-displacement/affordable housing replacement requirements:

- **Affordability Requirements -** The project includes at least the minimum number of deed-restricted Lower Income affordable housing units necessary to qualify for an affordable housing exemption from the Affordable Housing Linkage Fee, as described in Los Angeles Municipal Code (LAMC) Section 19.18 B.2(b), and comply with all requirements described in that Section of the LAMC. This means that the property provides at least 8% Extremely Low Income (ELI) units, 11% Very Low Income (VLI) units, or 20% Low Income (LI) units, calculated as a percent of the total units in the project, or that the project provides a sufficient number of Lower Income affordable housing units to be eligible for the City's Mixed Income Incentive Program, as descriptive in LAMC Section 12.22 A.38.
- **Labor Requirements -** If the project is over 85 feet in building height, the development was subject to a Project Labor Agreement monitored and confirmed by the City.
- **Anti-Displacement/Affordable Housing Replacement Requirements -** If the project required the demolition of protected units, the project resulted in a net increase in affordable units.

Proposed Tier 2 Requirements

Tier 2 would allow for a reduction of the applicable ULA transfer tax amount to:

- 1% for properties between the annually adjusted $5 to $10 million thresholds, or
- 1.5% for properties over the annual adjusted $10 million threshold.

In addition to meeting all of the General Requirements described above, to qualify for the tax incentives provided in Tier 2, the project shall meet the following affordability, labor, and anti-displacement/affordable housing replacement requirements for mixed-income and majority-affordable properties:

For Mixed-Income Housing Projects (less than 50% affordable units)

- **Affordability Requirements -** Same as Tier 1
- **Labor Requirements -** Prevailing wages were paid for project construction work, subject to monitoring and confirmation by the City. If the project is over 85 feet in building height, the development was subject to a Project Labor Agreement monitored and confirmed by the City.
- **Anti-Displacement/Affordable Housing Replacement Requirements -** If the project required the demolition of protected units, the project replaces at least twice the number of protected units located on the project site.

For Majority Affordable Housing Projects (50% or more affordable units)

- **Affordability Requirements -** 50% or more of the total units in the project must be affordable to Lower Income Households (80% Area Median Income (AMI) or below) and the project is located in a Linkage Fee High Market Area where the market-rate rents are among the highest in the City.
- **Labor Requirements -** If the project is over 85 feet in building height, the development was subject to a Project Labor Agreement monitored and confirmed by the City.
- **Anti-Displacement/Affordable Housing Replacement Requirements -** If the project required the demolition of protected units, the project replaces at least twice the number of protected units located on the project site.

<u>Proposed Tier 3 Requirements</u>

Tier 3 would allow for a full exemption from the ULA transfer tax. To be eligible for the exemption provided in Tier 3, a project must meet the following affordability, labor, and anti-displacement/affordable housing replacement obligations, in addition to meeting all of the General Requirements described above:

- **Affordability Requirements -** 50% or more of the total units in the project must be affordable to Lower Income Households (80% AMI or below).
- **Labor Requirements -** Prevailing wages were paid for project construction work, subject to monitoring and confirmation by the City. If the project is over 85 feet in building height, the development was subject to a Project Labor Agreement monitored and confirmed by the City.
- **Anti-Displacement/Affordable Housing Replacement Requirements -** If the project required the demolition of protected units, the project replaces at least ten times the number of previously existing protected units located on the project site. In addition, the project could not have involved the demolition of 12 or more units subject to the Rent Stabilization Ordinance (RSO) that were occupied in the five-year period preceding the development project's permit or planning application.