AIA Los Angeles

June 1, 2026

Ad Hoc Committee on Measure ULA
Rules, Elections, and Intergovernmental Relations Committee
Los Angeles City Council
200 North Spring Street
Los Angeles, CA 90012

RE: AIA|LA Support for Yaroslavsky-Lee Recommendations to Reform Measure ULA — Council File 26-0782 — and Companion Governance Reforms (CF 23-0038-S15)

Dear Committee Chair Harris-Dawson, Committee Chair Jurado, Councilmember Lee, Councilmember Yaroslavsky, and Councilmember Padilla,

As the Director of Government and Public Affairs with the Los Angeles Chapter of the American Institute of Architects (AIA|LA), I am writing to express strong and explicit support for the recommendations introduced jointly by Councilmembers Katy Yaroslavsky and John Lee during the May 28, 2026 special meeting of the Rules, Elections and Intergovernmental Relations Committee (Council File 26-0782) — and to reiterate AIA|LA's support for the companion governance motion from Councilmember Padilla (CF 23-0038-S15). Together, these proposals represent the most comprehensive and evidence-grounded ULA reform package yet before the Council. AIA|LA urges this Committee to adopt them and advance them to the full Council without delay.

AIA|LA represents more than 4,500 architects and design professionals in the greater Los Angeles region. Through our annual Design for Dignity Conference, our Government and Public Affairs program, and our sustained advocacy for housing production and equitable urbanism, we have a direct stake in how Los Angeles plans, zones, and builds.

We want to be clear from the outset: we support Measure ULA. Since taking effect in April 2023, it has raised more than $1.2 billion for affordable housing production, tenant protections, and homelessness prevention — resources that are urgently needed in a city facing one of the worst housing crises in the nation. That mission is worth protecting. But a landmark new report released by the RAND Corporation on May 28, 2026, confirms with greater precision than ever before that, as currently designed, Measure ULA is working against itself — costing Los Angeles thousands of housing units, hundreds of millions in municipal revenue, and tens of thousands of construction jobs. The moment to act is now, and the Yaroslavsky-Lee recommendations are the right vehicle to do it.

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AIA|LA urges the Committee to advance the following recommendations to the full Council:

1. **Exempt newly constructed multifamily and residential mixed-use properties for 15 years —** and reduce the ULA transfer tax rate on all multifamily and residential mixed-use properties. The CAO is instructed to report back with options for a reduced rate between 1.5–3.5%. The CAO should also explore extending proposed rate caps to single-family, not-for-profit medical, educational, and/or arts facilities.
2. **Remove barriers to revenue bonding** — for maximum flexibility to build expeditiously.
3. **Expand public reporting and performance measures** — including quarterly updates to Council Districts on expenditures, persons served, program outcomes by ULA program, and prospective and current affordable housing projects funded by ULA — as well as regular updates from the Citizens Oversight Committee to the City Council.
4. **Expand the use of ULA funds** — to provide greater flexibility for temporary housing, including emergency vouchers, to respond to the City's immediate housing needs in coordination with local Council Districts, including street homelessness response and interventions.
5. **Amend Section 22.618.6(d)6** — to include provisions for the removal of COC members mirroring the Los Angeles City Charter Section 502(d), ensuring appropriate accountability and continuity of the oversight body.
6. **Reform the Citizens Oversight Committee governance** — as proposed in Councilmember Padilla's motion (CF 23-0038-S15), by removing the written-findings requirement for Council amendments and reducing the minimum experience threshold from 5 years to 2 years to end prolonged vacancies.
7. **Add wildfire and disaster relief exemptions** — by incorporating a 3–5 year exemption for properties directly affected by the 2025 fires and a standing exemption for future federally declared disasters, as proposed in CF 26-0774 by Councilmembers Park and Padilla.

THE MAY 28 RAND REPORT: THE MOST COMPREHENSIVE EVIDENCE YET

The RAND Corporation's May 28, 2026 report — "The Effects of the Measure ULA (United to House LA) Transfer Tax on Economic Development and Municipal Finances in Los Angeles" — is the most rigorous and comprehensive independent analysis of Measure ULA's impacts to date, authored by Jason M. Ward, Lizhong Liu, Elizabeth Selby, and Phoebe Rose Levine. Its findings are decisive, and they directly validate the Yaroslavsky-Lee reform recommendations. AIA|LA calls on this Committee to treat the RAND findings as the definitive evidentiary basis for action.

31% decline in high-value real estate transactions.

RAND finds that Measure ULA has reduced high-value real estate transactions by 31% across the board in the three years since it took effect — a suppression of exactly the market activity that generates both ULA revenue and the property tax reassessments that fund city services and local schools.

30% decline in large apartment building production.

RAND conservatively estimates that production of large apartment buildings has declined by an average of 30% — and notes explicitly that without the city's Executive Directive 1 (ED1) program, the decline would have been even larger. This is a 30% reduction in the precise project category Los Angeles most urgently needs: large multifamily buildings that house working families at scale.

$452 million in forgone municipal revenue — including $80 million from LAUSD.

RAND estimates that Measure ULA's unintended consequences have cost local, county, and state agencies $452 million in forgone revenue between 2023 and 2026. This includes $80 million in foregone property tax revenue earmarked for the Los Angeles Unified School District — an institution simultaneously projecting a $1.6 billion deficit by the 2027–28 school year. Measure ULA is not just a housing problem; it is a fiscal crisis in slow motion.

16,650 full-time equivalent construction jobs lost.

Lost housing production attributable to Measure ULA has cost an estimated 16,650 full-time equivalent construction jobs between 2023 and 2026. These are union jobs, local jobs, jobs that would have been building the housing Los Angeles needs — and they have not materialized because the investment climate the tax created sent capital elsewhere.

Higher rents are being passed through to tenants.

RAND finds that apartment buildings that sold and paid the ULA tax have slightly higher rent growth after sale than similar buildings that sold without paying the tax — consistent with research showing transfer taxes are passed through to buyers and ultimately to renters in tight housing markets. This is the clearest evidence yet that Measure ULA, unreformed, is not a tax on wealthy property owners alone: its costs are being borne in part by the very low-income renters it was designed to protect.

Targeted reform can recover most of what has been lost — and then some.

Most critically, RAND models the effects of targeted reform and finds transformational potential: a reform that exempts newer multifamily and commercial properties and taxes older projects at a lower rate would — over a ten-year horizon — generate $823 million in additional municipal revenue (including $198 million for LAUSD), produce nearly 19,000 new housing units including approximately 2,000 income-restricted affordable units, generate more than 33,000 new full-time equivalent construction jobs, and preserve 72% of current ULA revenue levels. This is not a trade-off between revenue and housing. Well-designed reform generates more of both.

ULA's own funding rules are preventing its revenues from reaching affordable housing.
RAND also documents a structural problem that has received insufficient attention: Measure ULA's subordination and foreclosure provisions make its funds effectively unusable in affordable housing capital stacks, because lenders will not accept ULA's terms as a condition of project financing. The Housing Action Coalition has echoed this finding directly — calling on the Committee to fix these financing rules along the lines previously outlined by the Los Angeles Housing Department. AIA|LA supports this reform as a necessary complement to the rate and exemption changes. A fund that generates revenue but cannot deploy it is not serving its mission.

A CONSISTENT AND GROWING BODY OF EVIDENCE

The RAND May 2026 report does not stand alone. It joins a body of research that has reached consistent conclusions across multiple independent institutions and methodologies.

Researchers at UCLA's Lewis Center for Regional Policy Studies established a robust causal link between Measure ULA and a decline in multifamily housing production of at least 1,910 units per year — an 18% drop among projects with 20 or more units, relative to the 2020–2022 average. A separate UCLA study found that since the tax went into effect, the odds of a Los Angeles property selling above the tax threshold have fallen by as much as 50%, with non-single-family transactions declining by 30–50%. A March 2026 financial feasibility study by BAE Urban Economics found that 91.3% of multifamily units subject to the ULA tax were in buildings built before 1977 — confirming that the tax is falling almost entirely on older existing stock, not the new construction it was never meant to target. Research from Harvard and UC Irvine has reached consistent conclusions.

The "Affordable LA: Mend It, Don't End It" coalition — led by California Community Foundation President Miguel Santana and representing organizations across the housing, business, and civic sectors — has reinforced this evidence with a critical equity argument: roughly 80% of low-income renters in Los Angeles live in privately financed housing. When Measure ULA discourages private multifamily investment, the harm flows directly and disproportionately to the lowest-income renters, who face higher rents and fewer available units. This is not a tax on luxury. It is increasingly a tax on housing access.

Council President Harris-Dawson said it well on the day the Ad Hoc Committee was formed: taxing the construction of affordable housing is not in the spirit of what voters intended. The Yaroslavsky-Lee recommendations are a direct, evidence-grounded response to that misalignment.

THE CASE FOR EXEMPTING NEW CONSTRUCTION — REVENUE-NEUTRAL BY DESIGN

The BAE Urban Economics feasibility study provides a particularly important finding for Recommendation 1: exempting new multifamily and residential mixed-use properties for 15 years is essentially revenue-neutral because new buildings almost never trigger the ULA tax in the first place. In 2025, newly-built units subject to the tax represented just 0.22% of total multifamily units constructed during the corresponding period. Only 13 transactions — representing 1,146 units out of 13,216 total — involved buildings seven years old or less across the entire 33-month study period.

This means the 15-year exemption costs almost nothing in lost current revenue. What it does is remove a significant forward-looking deterrent — the anticipation of a 4–5.5% exit tax at the point of sale — that discourages developers from breaking ground in the first place. As the Housing Action Coalition noted in its May 28 testimony, a developer who builds 150 apartments and sells the completed building is doing exactly what Los Angeles desperately needs. A speculator who acquired a property decades ago and sells it for a tenfold gain is engaged in a fundamentally different transaction. The 15-year exemption draws a clean, administrable line between these two cases. It removes the penalty on new construction while preserving the measure's revenue base from longer-held properties.

Given that nearly 9,500 pipeline affordable homes in the LA region — per Enterprise Community Partners' March 2026 analysis — are already stalled for lack of capital, removing the transactional cost at exit is not a concession to developers. It is a necessity for getting housing built.

THE RATE REDUCTION RANGE: WHY 1.5–3.5% IS THE RIGHT TARGET

AIA|LA strongly supports the Yaroslavsky-Lee recommendation to direct the CAO to report back with rate options between 1.5% and 3.5% for multifamily and residential mixed-use properties — and notes that the evidence supports targeting the lower end of this range.

At 4–5.5%, Measure ULA represents a roughly tenfold increase over the prior combined city and county documentary transfer tax. The RAND report confirms this is not functioning as a modest levy on luxury transactions — it is a structural barrier to the normal turnover of multifamily and commercial properties that has produced a 31% decline in high-value sales across the city. The Housing Action Coalition and Abundant Housing LA have both called for rates in the 1–2% range, arguing that locking in rates at the high end of the proposed range risks perpetuating the same market distortion that has defined the past three years.

The BAE study confirms that for the subset of multifamily projects near the margin of financial feasibility — roughly between the 67th and 80th percentile of citywide asking rents — a meaningful rate reduction can tip the balance toward viability. These are the projects the city needs most: mid-scale multifamily buildings that house working families at non-luxury price points. The combined effect of the 15-year exemption and a reduced rate for existing stock addresses both the front and back ends of the development cycle.

A STATEWIDE PIPELINE IN CRISIS

Enterprise Community Partners' [March 2026 report] documents 39,880 affordable homes across 461 California developments that are fully designed, entitled, and approved but unable to break ground due to insufficient capital. In Los Angeles and Ventura counties alone, 9,533 of those homes are in the pipeline. Enterprise estimates that moving this pipeline forward requires $2.3 billion in state subsidies, $1.8 billion in state tax credits, and $5.8 billion in tax-exempt bonds — and that for every $1 of public funds invested, $3.60 in local, federal, and private dollars is leveraged, meaning $7.7 billion in matched investment is at risk if that public subsidy does not materialize.

Measure ULA's bonding barrier compounds this problem at the local level. The Yaroslavsky-Lee recommendation to remove barriers to revenue bonding directly addresses this: $589 million in ULA revenues sitting undeployed is not a sign of program health. It is a sign of a system that needs to be uncorked. Removing bonding restrictions would allow the City to leverage these idle funds at scale — exactly the kind of capital stack amplification that the statewide pipeline crisis demands.

CALIFORNIA IS MOVING IN ONE DIRECTION. MEASURE ULA MUST MOVE WITH IT.

In July 2025, Governor Newsom announced the creation of a first-of-its-kind California Housing and Homelessness Agency — consolidating the Department of Housing and Community Development, CalHFA, the California Interagency Council on Homelessness, and other key bodies under unified leadership, with a target of 2.5 million new homes by 2030, including one million affordable units. Enterprise Community Partners independently estimated that this coordination effort could generate $463 million in annual cost savings.

The state is moving toward less friction, faster permitting, and better-aligned financing tools. A Measure ULA that suppresses the multifamily transactions the state's new agency is designed to accelerate is not a partnership — it is a contradiction. The Yaroslavsky-Lee recommendations resolve that contradiction. Adopting them is how Los Angeles signals that it intends to be a partner in California's housing agenda, not an obstacle to it.

LOS ANGELES IS LOSING GROUND TO ITS OWN NEIGHBORS

Measure ULA applies only within the City of Los Angeles. Every neighboring jurisdiction in Los Angeles County — Long Beach, Culver City, Glendale, Burbank, Santa Monica, Pasadena, Alhambra, El Segundo, Inglewood, and dozens more — operates under no comparable tax burden. RAND's finding of a 31% decline in high-value sales within city limits, against the backdrop of continued activity in surrounding cities, confirms that investment capital has responded to this differential exactly as economics would predict: it has crossed city boundaries.

This dynamic is further underscored by LACAHSA, the Los Angeles County Affordable Housing Solutions Agency — a new regional intergovernmental body with a countywide board and mission to accelerate housing production across all 88 cities in LA County. Its explicitly regional funding model reflects a growing consensus that housing solutions must transcend city limits. A city-only tax structure that unintentionally diverts investment to neighboring jurisdictions works against that regional logic and against the City's own stated housing goals.

WILDFIRE RELIEF: A MORAL AND PRACTICAL NECESSITY

AIA|LA strongly supports the addition of wildfire and disaster exemptions to the reform package. The 2025 fires displaced thousands of Angelenos and destroyed or damaged billions of dollars in housing stock. Many survivors will need to sell affected properties as part of their recovery and rebuilding process. Subjecting those transactions to a transfer tax compounds hardship on disaster victims and creates a barrier to exactly the kind of property transfers needed to facilitate rebuilding. A 3–5 year exemption for properties directly affected by the 2025 fires, and a standing exemption for future federally declared disasters, as proposed in CF 26-0774 by Councilmembers Park and Padilla, costs little in revenue while removing an obvious and correctable injustice. AIA|LA urges the Committee to incorporate these exemptions into the consolidated reform package.

CITIZENS OVERSIGHT COMMITTEE: TWO COMPLEMENTARY REFORM TRACKS

The Yaroslavsky-Lee recommendations and the Padilla motion together address COC governance from two distinct but complementary angles, and AIA|LA supports both.

Yaroslavsky-Lee Recommendation 5: COC removal provisions mirroring Charter Section 502(d).

Amending Section 22.618.6(d)6 to mirror the removal provisions of the Los Angeles City Charter Section 502(d) would bring COC governance into alignment with the City's own established standards for accountability and due process in the removal of appointed officials. This is a straightforward good-government reform that strengthens, rather than weakens, the legitimacy of the oversight body.

Padilla Motion (CF 23-0038-S15): Written-findings requirement and experience threshold.

Under the current ordinance, if the COC issues an opposing recommendation on a proposed amendment to Measure ULA, the City Council is required to make written findings before proceeding — a procedural veto that limits the elected Council's ability to respond to changing conditions. Councilmember Padilla's motion would remove this requirement, restoring appropriate democratic accountability. The motion also proposes reducing the minimum experience threshold for COC members from 5 years to 2 years across 13 voting seats — a change that would end prolonged vacancies, broaden the pool of eligible appointees, and bring more diverse community voices into the oversight process. AIA|LA explicitly supports both provisions.

A COC that cannot be fully seated and that has the structural ability to block Council action is not a more accountable body — it is a less functional one. These complementary governance reforms are preconditions for a well-functioning Measure ULA.

THE WINDOW IS CLOSING — ACT BY JUNE 17

The City Clerk's official ballot measure calendar for the November 3, 2026, general election is unambiguous: the recommended deadline for the City Council to adopt the motion directing the City Attorney to prepare ballot resolutions is June 17, 2026 — 139 days before Election Day. The hard legal deadline for the Council to adopt all final resolutions placing measures on the ballot is June 26, 2026. After that date, a ULA reform cannot appear on the November 3 ballot.

This Committee's work does not occur in a vacuum. The Howard Jarvis Taxpayers Association's statewide ballot initiative — which would sunset ULA and local transfer taxes like it across California — has already qualified for the November 2026 ballot. The coalition behind ULA has confirmed that Howard Jarvis has no interest in negotiating. Their goal is full elimination, not reform. The City's best and only defense is a reformed, demonstrably effective, locally controlled Measure ULA that voters can be proud to protect.

A measure that is visibly failing to produce housing, costing the city $452 million in foregone revenue, suppressing 16,650 construction jobs, deploying its own revenues inadequately, and driving investment to neighboring cities is maximally vulnerable to a statewide override. The Yaroslavsky-Lee recommendations and the Padilla motion together address every one of these vulnerabilities. The moment to act is now.

AIA|LA also joins the "Mend It, Don't End It" coalition in urging the Committee to consolidate the reform motions currently in play — Councilmember Lee's motion, Councilmember Park's Palisades exemption (CF 26-0774), and Councilmember Padilla's governance reform motion — into a single, comprehensive package for the November ballot. A unified proposal gives voters clarity and gives these reforms the strongest possible chance of success.

CONCLUSION

AIA|LA urges this Committee to adopt the Yaroslavsky-Lee recommendations, incorporate the Padilla governance reforms, add wildfire and disaster exemptions from CF 26-0774, and advance a unified, consolidated reform package to the full Council without delay.

The evidence is now overwhelming and consistent across six independent research institutions: RAND, UCLA, BAE Urban Economics, Enterprise Community Partners, Harvard, and UC Irvine. Measure ULA, unreformed, is taxing new construction it was never meant to touch, costing the City $452 million in foregone revenue, suppressing 30% of large apartment building production, pricing investment out of Los Angeles and into neighboring cities, preventing its own revenues from reaching affordable housing projects, and passing its costs through to the lowest-income renters it was designed to protect.

RAND's modeling makes the opportunity vivid: targeted reform preserves 72% of ULA revenue while generating $823 million in additional municipal revenue, 19,000 new housing units, and 33,000 construction jobs over ten years. That is not a trade-off. It is a correction — and it is available to this Council right now.

The City of Los Angeles has the opportunity — and the obligation — to reform Measure ULA so that it delivers what voters intended. We urge the Committee to move swiftly, consolidate the reform motions into a unified package, and send it to the full Council in time for the June 17 deadline.

Thank you for your time, your service, and your commitment to getting this right.

Truly yours,

Will Wright, Hon. AIA|LA
Director, Government & Public Affairs