

'Mansion Tax': 1 Year In, Revenue Is Way Lower Than Projected But Aid Has Helped Thousands

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Supporters of the United To House L.A. initiative gathered to deliver boxes full of signatures for the measure, which originally appeared on the November 2022 ballot.

It's been one year since the city of Los Angeles began collecting money from a voter-approved tax on high-priced property sales. The measure's goal was to raise up to \$1 billion annually for new affordable housing and tenant protections. So far, results have been mixed.

Measure ULA levies a 4% tax on L.A. properties selling for \$5 million or more, and a 5.5% tax on properties selling for \$10 million or more. So far, revenue generated has come in far below initial projections, raising just \$215 million since taking effect in April 2023. That's a fraction of the \$600 million to \$1.1 billion voters were originally told the tax could yield.

Some housing policy experts also see signs that the tax could be deterring new development in a city that, under state law, needs to plan for nearly half a million new homes by 2029.

On the positive side, proponents say ULA funding has so far supported hundreds of proposed affordable housing units and staved off thousands of evictions by providing rent relief to tenants.

"Measure ULA has already proven to be one of the greatest revenue sources L.A. has ever seen for affordable housing," said Joe Donlin, director of the United to House L.A. coalition, which backed the measure.

ULA has raised more in its first year than other initiatives, such as the city's Measure HHH, which collected about \$120 million per year for the development of permanent supportive apartments for the unhoused, Donlin said. A rush to sell off top-dollar homes before the tax took effect last year dampened revenues, he said, but ULA collections are on an upward trend.

“We think that trend is going to continue and it's just going to increase as people factor in the tax as a regular part of doing business,” Donlin said.

New revenue brings wave of relief to some tenants

Researchers from Occidental College, UCLA and USC published a new report on Thursday analyzing the impact of Measure ULA so far. In it, they cite a number of outcomes from the tax:

- \$54.7 million proposed to support the development of 795 affordable housing units
- \$24 million in rent relief paid out to 4,652 tenant households
- An expansion of StayHousedLA, a program that provided full [legal representation](#) to 1,262 L.A. tenants facing eviction and limited legal advice to 3,387 tenants in 2023

Some tenants who have benefited from Measure ULA say it kept disastrous evictions at bay.

Maria Gonzalez — a renter living with her husband, two kids and one grandchild in South L.A. — received about \$9,300 in emergency rental assistance. After her husband lost work as a gardener and handyman during the pandemic, they fell far behind on rent.

When she got word that her rent relief application had been approved, Gonzalez said she felt her anxiety slip away.

“I felt like a weight was lifted off my shoulders,” she said in Spanish. “I felt like I was floating.”

Without that help, Gonzalez said, her family likely would’ve been forced out of their home. She doesn’t know what they would have done.

Is the “mansion tax” hurting apartment construction?

While ULA is helping to keep many tenants housed, some housing policy researchers say the measure could also be leading to fewer new homes overall. It’s been dubbed the “mansion tax,” but it also applies to sales of apartment buildings worth more than \$5 million.

Shane Phillips with the [UCLA Lewis Center for Regional Policy Studies](#) says even when completed projects are not sold right away, the possibility of getting hit with a hefty tax deters lenders from working with developers who already struggle to acquire expensive L.A. land, cover rising construction costs and successfully navigate the city’s byzantine approval process.

“Future developers might look at [Measure ULA] and say, well, if they did this, what's next?” said Phillips, who supported the initiative when it was put up for a vote in Nov. 2022.

Phillips is now working on an analysis of Measure ULA’s impact by comparing sales of land ripe for development between the city of L.A. and other parts of the county that don’t levy the tax. The results are preliminary and not yet published, but, Phillips said, “we are seeing a pretty significant reduction in Los Angeles compared to those other cities.”

Phillips now believes the city would be wise to exempt new apartment buildings from ULA the first time they are sold, only applying the tax to subsequent transactions.

“To the extent that we are seeing fewer land sales and potentially less housing production because of measure ULA, I think a first sale exemption would probably entirely solve that problem,” Phillips said.

Building permits for new dwelling units in the city of L.A. fell by about 25% in 2023 compared with the previous year. ULA proponents say this decline can be seen across the state, and is primarily driven by high interest rates and inflation pushing up the cost of building.

But critics of the tax, like UCLA Anderson School of Management adjunct professor of accounting and real estate [Eric Sussman](#), say ULA shares some of the blame.

“It’s just another impediment to get projects built in an incredibly housing constrained market,” Sussman said. “[The city] should be making it easier — reducing taxes and fees for developers who want to add to our housing stock. And instead, they’re doing the exact opposite.”

What lies ahead for ULA

Supporters say the tax will do more to keep Angelenos housed in years to come by [supporting renters facing landlord harassment](#) and through a [right to a free attorney in eviction court](#).

There is a possibility that voters could choose to overturn the tax, though. An initiative supported by the California Business Roundtable has qualified for the Nov. 2024 ballot, seeking to require two-thirds voter support for new local taxes. ULA passed with 58% support.

However, it remains to be seen whether the initiative to overturn measures such as ULA will appear on the November 2024 ballot. State legislators and Gov. Gavin Newsom have asked the California Supreme Court to prohibit it from going to voters, arguing it proposes to unlawfully revise the state’s constitution.

For renters who need assistance

Renter Resources

- Have you received an illegal rent increase? L.A. County tenants needing legal help can reach out to [StayHousedLA.org](#).
- If you're facing eviction over a rent increase, read LAist's eviction guide for help on how to stay housed (also available in Spanish).

How to have a voice on housing affordability

If you care about housing affordability

- For people who live in L.A., the **Board of Supervisors** and **City Council** have the most direct impact on housing affordability in your neighborhood.

Learn more about who influences local housing policy

- The best way to keep tabs on your own local government is by attending public meetings for your city council or local boards. Here are a few tips to get you started.
 - **Find meeting schedules and agendas:** City councils usually meet at least twice a month, although larger ones may meet weekly. Committees and boards tend to meet less often, typically once a month. You can find the schedule and meeting agenda on your local government’s website, or posted physically at your local city hall. Find more tips [here](#).
 - Find L.A. City Council agendas and meeting dates
 - Find meetings for L.A. city boards and commissions
 - Find L.A. County agendas and meeting dates
 - **Learn the jargon:** Closed session, consent calendars and more! We have definitions for commonly used terms [here](#).
 - **How to give public comment:** Every public meeting allows community members to give comment, whether or not it’s about something on the agenda. The meeting agenda will have specific instructions for giving public comment. Review more details [here](#).