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