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MANSION TAXES AND THE HOMELESS PROBLEM: TAKE FROM THE RICH AND GIVE TO THE POOR?

*Paul J. Weinberg**

I. Introduction

When does a tax become confiscatory? At what point does a tax, however well intentioned, impose such a heavy burden that the very ill that it is trying to address is exacerbated by the tax itself?

This is exactly the series of questions that California lawmakers, special interest groups, and government agencies are now asking themselves in light of the recent passage of the Initiative Ordinance ULA. That ordinance, adopted by the voters of Los Angeles, California at its City election held on November 8, 2022, is entitled “Ordinance Number 187692 (Los Angeles Program to Prevent Homelessness and Fund Affordable Housing).” This new tax is the latest in a long line of taxes, both on real and personal property sales, as well as income, imposed by various cities and states around the United States to find a revenue stream to alleviate the pernicious and stubborn problem of housing the homeless. How do they work and are they, as currently constituted, a wise choice?

The text of the Los Angeles measure itself limns out the gravity of the problem that the city has been facing with regard to homelessness as well as housing affordability:

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“Rising rents, widespread tenant evictions and a lack of affordable housing have made Los Angeles the city with the worst housing and homelessness crisis in the country A household is considered cost burdened when they are paying more than 30% of their household income on housing costs. In 2019, the City of Los Angeles . . . had a higher percentage of cost-burden renter households (59%) than any other major American city. About 32% of City renters are severely cost-burdened, meaning they spend over 50% of their income on rent.”¹

Not surprisingly, a disparity existed in the percentage of the electorate that was capable of voting that would benefit from this money compared to the people that have to pay it. In other words, more people would like wealthy people to give money to provide housing assistance that would make their lives easier. Those people vote; they did on November 8, 2022. What is the fallout and the aftereffects of the passage of this initiative and how is it going to affect real estate development and the ability to sell real property in Los Angeles on an ongoing basis? On a macro level, how does this tax, and its effects, compare to other revenue-generating schemes to alleviate homelessness around the country?

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II. Background on the California Initiative Process

To answer the first question, probably the best place to start is to understand how the initiative process itself works in Los Angeles. Initiatives are placed on the ballot by *voters*, not governmental officials or political appointees or electees:

“The petition process empowers voters to propose City ordinances, City Charter amendments, the recall of City officials and Los Angeles Unified School District (LAUSD) Board Members, and other measures. A successful petition can place the issue in question before voters.”²

Five proponents have to sign a letter designating themselves as representatives, include the full text of the ordinance itself, draft a petition and then see if they can get the signatures of fifteen percent (15%) of the total votes cast for all candidates for office of Mayor at which a mayor was elected prior to the filing of the petition.³

In Los Angeles’ case, 512,808 people (57.77%) voted *for* Proposition ULA and 374,934 people, or 42.23%, voted *against* it. A slew of special interest groups, including the American Civil Liberties Union, the Center for Biological Diversity, the Homelessness Now Los Angeles and Housing Rights Center as well as a number of powerful local unions (SEIU 2015, SEIU Local 721, AFSCNE District Council 36 and IBEW Local 11) supported it, too.

There’s a pattern here; most likely, *few of the people that supported this petition were in a position to suffer any ill effects from it financially*. To understand those effects, it’s necessary to understand the specifics of what the Initiative mandated:

“. . . starting on April 1, 2023, there is hereby imposed a tax known as the ‘Homelessness and Housing Solutions Tax’ on each deed, instrument or writing by which any lands . . . or other realty sold within the City of Los Angeles shall be granted . . .

1. \$5,000,000 but is less than \$10,000,000, a tax at the rate of 4% of the consideration or value, or

2. \$10,000,000 or greater, a tax at the rate of 5.5% of the consideration or value.”⁴

So, the tax itself increased, in essence, from its existing 0.56% rate to, in the case of a \$10 million or greater sale, 5.5%, or essentially a *tenfold increase*.

This is not a number to be trifled with; on a \$20 million purchase, the tax due under the new initiative would be \$1.1 million. Before further examining on a macro level the effect of a tax of this nature, it’s necessary to point out two underlying facts. First, properties that have a value of \$10 million or greater can, and often-times are, owned by small partnerships of individuals who pool their savings for capital for a long-term real estate investment. Next, many of these owners are older, having made the investment in the significant past and now are at an age or position in life that they wish to “cash out” of the investment and use their capital for living expenses or long term care. A tax of this magnitude significantly affects the net return that these owners will receive after sale.

The tax was initially estimated by its backers to generate 600 Million (\$600,000,000) to 1.1 Billion (\$1,100,000,000) Dollars annually and at least 92% of the proceeds were to be used to fund affordable housing programs, the Affordable Housing Program and Tenant Assistance Programs under LA’s Homeless Prevention Program. The proponent’s goal was that no more than 8% of the money would fund program administration, reporting, compliance and implementation.

“The Los Angeles Housing Department would have authority to approve funding of up to \$50 Million Dollars per project without City Council review and approval. The measure would require payment of prevailing wages and housing developments with 40 or more units would need to comply with certain project labor agreements. If a project results in displacement of a tenant, relocation assistance and right of first refusal for a comparable unit in the development would apply.”⁵

Not surprisingly, the initiative was opposed by the people and groups that would be most deeply affected by it;

- The Apartment Association of Greater Los Angeles,
- Building Industry Association of Southern California,
- Building Owners and Managers of Greater Los Angeles,
- As well as associations including the California Hotel and Lodging Association, the California Self Storage Association, the California Small Business Association, the Greater Los Angeles Realtors and, perhaps more importantly, the Howard Jarvis Taxpayers Association.

A. JARVIS TAXPAYER’S ASSOCIATION LAWSUIT

The reason the Howard Jarvis Taxpayers Association’s opposition was so important is that, when the initiative passed, *they filed a lawsuit to stop it*. That lawsuit was filed December 21, 2022, and made the following arguments:

“Transfer taxes are generally prohibited by Proposition 13 at Article XIII A, section 4 of the California Constitution. In charter cities, such as Los Angeles, transfer taxes that are undedicated ‘general taxes’ have been permitted under case law since 1990. Transfer taxes that are ‘special taxes,’ however, are prohibited for all local governments, including charter cities. The Los Angeles City Charter confirms that legislation by initiative is not exempt from this prohibition.”⁶

Not surprisingly, the Howard Jarvis Taxpayers Association, the authors of the original Proposition 13 that amended the California Constitution to freeze the amount of property tax upon sale, and then allowing only 1 to 1.25% increase annually, led the charge.

In an interview with the author on May 30, 2023, Howard Jarvis Taxpayers Association’s lead attorney, Laura Dougherty, discussed at length the effect of a recent California Supreme Court case that the proponents would be relying on to immunize the initiative from a constitutional challenge. That 2017 case was *California Cannabis Coalition v. City of Upland*, 3 Cal. 5th

924, 222 Cal. Rptr. 3d 210, 401 P.3d 49 (Cal. 2017), as modified on denial of reh'g, (Nov. 1, 2017). The tension between the City of Upland case and the facts of this one is, in essence, the linchpin of the litigation:

Can a tax initiative passed by voters override constitutional limits on what is a permissible tax?

This is a not inconsequential question; if the Howard Jarvis Association prevails in their litigation, only the constitution controls what a permissible tax is. If the initiative proponents prevail, then voters can do an “end run” around a constitutional prohibition on the theory that, if the original constitutional amendment was passed by initiative, another initiative, even at the local level and put forward by municipal voters, can avoid constitutional constraints. The fallout and aftereffects of this decision are clear; if the tax proponents prevail, more initiatives like this are certain to follow and perhaps be copied around the country.

Laura Dougherty's, and the Howard Jarvis Taxpayers' Association's, position in the litigation is that the *Upland* decision's holding did not give a “free pass” or a “green light” for initiative proponents to override Constitutional considerations simply because the initiative process was used to avoid having to seek specific legislation. As other commentators put it, in analyzing the *Upland* decision, the proponents of Measure ULA would be trying to rewrite and expand the holding of *Upland* notwithstanding how narrow its holding was:

“*Upland* addressed an expressly narrow issue, holding that local measures introduced by voter initiative were not required to be presented to the electorate in a *general* election and could be presented in a *special* election instead. Notwithstanding *Upland*'s narrow scope, the opinion sparked a much larger debate regarding whether local special taxes introduced by voter initiative are subject to the long-standing requirement in the California Constitution that local special taxes must be passed with a two-thirds super majority vote by the electorate.”⁷

Laura Dougherty made the point in the inter-

view that the proponents of Measure ULA are using the *Upland* decision to **expand** the initiative process to indicate that, if a tax is passed by initiative, it doesn't have to comply with the Constitution because it is not a “legislative action.”

The plaintiffs' additional argument in their lawsuit against the tax is that Proposition 13 and its provisions incorporated into the California Constitution do not allow the imposition of a “special tax.” California case law defines the special tax as:

“We construe the term ‘special taxes’ in Section 4 to mean taxes which are levied for a specific purpose rather than . . . a levy placed in the general fund to be utilized for general governmental purposes.”⁸

B. RELEVANCE OF THE *UPLAND* DECISION

So, what does the *Upland* decision actually hold and how will its holding affect the eventual outcome of the Measure ULA litigation? Interestingly, the *Upland* court tried to define the limits of the people's power to propose and adopt initiatives:

“Against this Constitutional and statutory backdrop, we have held that the people's power to propose and adopt initiatives is at least as broad as the legislative power wielded by the legislature and local governments. (Citation) When voters exercise the initiative power, they do so subject to precious few limits on that power (Citations) Moreover, we have explained that procedural requirements imposed on the legislature and local governments do not similarly constrain the electorate's initiative power without evidence that such was their intended purpose. (Citations) In *Kennedy Wholesale*, supra, 53 Cal 3rd at pages 251-252, for example, we held that the Constitution requirement that the legislature obtain a two-thirds vote before raising taxes (California Constitution, Article XIII A, Section 3) is a requirement that does not apply to voters' initiative power.”⁹

So, the proponents of Measure ULA are extrapolating from the *Upland* decision, using this language, that voter initiatives, in overriding legislative mandates, can also override and do an end run around Constitutional mandates, too.

The logic clearly is that since the voters amended the Constitution, they can pass an initiative that's in derogation of the Constitution because they are the ones that amended it.

C. DOES THE MEASURE CONSTITUTE A SPECIAL TAX?

Measure ULA's opponents point out that the measure proposes a "special" tax; the funds are to be used exclusively for the homeless remediation programs, not just put into the general fund. The opponents also point out that, because the Los Angeles City Council is constitutionally forbidden from proposing a transfer tax that is a special tax, and because the City electorates' initiative power under the City Charter is no greater than the legislative power of the City Council, the electorate is also forbidden from proposing a transfer tax that is a special tax. Since Measure ULA proposed a special tax, the opponents aver that it was beyond the electorate's power to pass it, and is therefore invalid.¹⁰

So now the stage is set: the proponents of Measure ULA have, in essence, according to the plaintiffs, ignored both Constitutional and case law requirements that no special tax can be imposed because Proposition 13 and the later amendment to the California Constitution in Article XIII A, Section 4, prohibit it. The *Upland* case indicates some rationale for the position that, since the imposition of a tax wasn't a legislative act but took place via initiative, that the Constitution and, by reference, Proposition 13, don't apply. *In essence, the tax is imposed by the electorate, not imposed by the City.*

It's easy enough to see the harm and the chaos that would occur if this position prevailed, and the *Upland* case was extended to allow any initiative to impose a new tax of any amount irrespective of whether it "flies in the face" of Proposition 13 and its Constitutional amendment. More importantly, though, the current tax is wreaking havoc on both the commercial and residential markets in Los Angeles. Sean Fulp of Collier's Real Estate in Los Angeles, a speaker at Connect CRE, a trade organization conference

held in Los Angeles, CA in April of 2023, clearly describes the problem:

"Unfortunately, Measure ULA significantly impacts property values. Most real estate capital stacks comprise approximately two-thirds debt and one-third equity. The additional 5.5% transfer tax comes directly from the equity, which could be 16.5% of an investor's proceeds after they repay the loan. In many cases, this represents most of the gains. Therefore, we expect development and value-add investment opportunities to be most impacted. We also anticipate that all transaction activity will decline, at least until property values account for the additional cost."¹¹

Both the *Los Angeles Times* and other publications are tracking the fact that, with Measure ULA and its tax structure, significant detrimental effects are being felt in the Los Angeles luxury real estate market. The *Los Angeles Times*' May 5, 2023 article is a case in point. Entitled "*LA's Luxury Real Estate Market Freezes, Putting 'Mansion Tax' funds in Limbo,*" cites some very relevant statistics:

- "In March, when the luxury market reached the peak of its frenzy, there were 126 home and condo sales above \$5 million dollars in the City of L.A., according to the Multiple Listing Service. In April, once Measure ULA took effect, *there were two.*
- One sold in Brentwood for \$5.7 million, and the other traded hands in Venice for \$7.5 million. Together, they raised \$528,000 for the city to use for affordable housing and homelessness prevention programs. So far, that's it."¹²

Extraordinary steps were taken by brokers and owners to "beat" the ULA tax before it was implemented. An article interviewing a well-known residential broker in Los Angeles, Stephen Shapiro, described the then-current situation:

"In March there was a scramble to sell luxury homes before the deadline for the ULA tax, which started April 1. In a market without the tax, a number of March deals would have closed in April, or even May. We had deals with seven-

10-day escrows to beat ULA. There would not have been seven- to 10-day day escrows if there was no ULA,' Shapiro said."¹³

Lawyers are also getting into the act to try to find ways around the ULA tax. These include splitting the ownership interests in the property and selling only interests in the entity owning the asset rather than selling a fee for the entire interest to one buyer. Tenancy in common agreements is another method, as is seller carryback financing at a very high interest rate, sale of improvements and estate planning vehicles.¹⁴

D. ADDITIONAL LITIGATION—AWAITING DECISION

Subsequent litigation filed by affected landowners against the City in the United States District Court for the Central District of California added new causes of action for violation of equal protection, governmental taking without compensation and other United States Constitutional objections. This litigation¹⁵ seeks to find other grounds to invalidate the measure and will, of necessity, result in a great deal of discovery, in that way differing from the litigation filed by the Howard Jarvis Taxpayers Association. The Howard Jarvis litigation can, and probably will, most likely be decided as a question of law, not facts, and will probably not require any discovery at all, thereby significantly speeding up a resolution of the Howard Jarvis plaintiffs' complaint, at least at the trial level.

III. Beyond California: Anything to Learn?

The problem that Los Angeles faced, and is facing, isn't unique to it; major cities and, in fact middle-sized cities around the United States are facing the same issue, but they are trying to find alternative sources of revenue, or at least less onerous, than Measure ULA.

For example, Miami-Dade County in Florida is trying to resolve the problem by imposing a one percent (1%) food and beverage sales tax to provide \$12 to 14 million per year for their homeless trust fund. The trust's annual budget is

around \$40 million and is comprised of the local food and beverage proceeds as well as Federal (U.S. HUD) and State funding.¹⁶ While Miami's "solution" is to impose a tax that tourists and others dining out pay, *almost all the other jurisdictions that are enacting the taxes are tying them to real property ownership and transfer.* Those jurisdictions run from the intensely urban (City of New York) to relatively small towns (Kalamazoo County, Kalamazoo, Michigan).

The small-town model is probably the best place to start; Kalamazoo County has tied their property tax levies to existing property taxes, not a "mansion" tax only imposed on a sale. In essence, Kalamazoo County is passing an eight-year, 0.75-mill (one-thousandth part) increase on existing real property. By way of example, a person owning a \$200,000 home with a taxable value of \$100,000 will pay \$75 more per year in taxes. Kalamazoo is the only county in Michigan to levy a housing millage calculation in the new tax, planning to fund \$6.7 million into housing developments in 2022.¹⁷

The northwest of the United States, Portland, Seattle and their environs, are approaching the same problem but again, levying the tax with income and payroll taxes rather than real property transfer taxes as Los Angeles is doing and, as we'll see later in depth in this article, both the city of New York and the city of Chicago are doing. Portland, Oregon is taxing its wealthiest residents and the biggest businesses in the city to raise \$2.5 billion over a decade to address homelessness. The ballot measure proponents' unique take on the viability of this tax made sense, according to them, even coming out of the pandemic:

"The ballot measure had been planned before the pandemic reduced the U.S. economy to tatters. Proponents, including the powerful Portland Business Alliance and major institutions like the NBA's Trail Blazers, argued that the taxes are needed more than ever as unemployment in Oregon hits 14% and state revenue forecasts plummet by \$2.7 billion in the biennium."¹⁸

The Portland tax added a one percent (1%)

marginal personal income tax on taxable income above \$125,000 for individuals and \$200,000 for those filing jointly. It also added a 1% business income tax on net income for businesses with gross receipts above \$5 million.¹⁹

These are not inconsiderable taxes; for a business that had gross receipts above \$5 million, the 1% levy on net income would significantly affect the shareholders and other investors in the company's success separate and apart from the existing income taxes. If a company has a net income of \$20 million, it is paying \$200,000 over and above its existing income tax burden to comply with this tax. In a sense, the greater Portland area is, like Los Angeles, imposing an additional burden that can conceivably cause businesses to leave the Portland area.

The Seattle area, and King County in particular, are raising the sales tax rate to help house the chronic homeless population there. However, its 0.1% sales tax increase is relatively minuscule compared to the levies contemplated by the City of Los Angeles and, to a great extent, Portland. According to the Washington State Department of Revenue, a household making \$35,000 to \$45,000 per year will pay an estimated \$19 a year in additional sales tax. The Department also says that a household earning \$140,000 per year will pay an estimated \$66 a year in sales tax.²⁰

Again, a sales tax increase at this level is unlikely to deeply affect middle income earners.

Seattle itself, though, in enacting "JumpStart," the name of the payroll tax on Seattle's biggest earners, is taking a more Draconian step, as did Portland:

"Labeled JumpStart, the tax applies to Seattle companies with payrolls above \$7 million. Qualifying companies are taxed.7% for every employee making an annual salary above \$150,000 and 1.4% above \$500,000. The law has been in effect since 2020 and is projected to raise \$277 million in 2022.

"62% of those funds will be dedicated towards affordable housing . . ."²¹

Smaller cities in the State of Washington are

following Seattle's lead; Wenatchee is doing essentially the same thing. In March of 2021, that city council okayed a sales tax increase of one tenth of 1%. Bear in mind, though, that the amount of money that it will generate is only \$1.6 million per year, given the small number of people that live in that city.²²

Denver, Colorado is following Wenatchee and King County's lead by increasing its sales tax, but at a higher rate of.25% of retail purchases. Local news entity CBS Colorado indicated:

"It is expected to cost the average household about \$5.25 a month. The tax will go into effect Jan. 1, 2021 . . . The Downtown Denver Partnership said the sales tax is expected to generate an estimated \$40 million annually [and] . . . the money will be used for building housing and expanding rental assistance; expanding the number of shelter beds and access to 24-hour shelters and services . . ."²³

Saving the best for last, though, the review of two major metropolis in the United States, the City of New York and the City of Chicago now points up Draconian levies in line with those being instituted in the City of Los Angeles. In an excellent short article of September 5, 2023, attorney Benjamin Altshul discusses how Chicago wants to address the problem financially:

"Chicago mayor Brandon Johnson recently agreed to change the city's real estate transfer tax by implementing a so-called "mansion tax"—a real estate transfer tax applied to the purchase of property over a certain amount. The goal of the tax is to provide funds to build affordable housing for Chicago's unhoused, although achieving this goal simultaneously presents additional obstacles.

"While several states, counties, and municipalities have enacted similar real estate transfer taxes, Chicago's proposed 'mansion tax' structure is unique in two notable ways.

1. Chicago's 'mansion tax' would be paid by buyers of residential and commercial properties. Despite its characterization as a 'mansion tax,' Chicago's new real estate transfer tax applies to both residential and commercial properties. Commercial real estate experts fear that the tax could have a chilling effect at a time when that market is already struggling. *According to Crain's Chicago Business, in the first half of 2023,*

commercial property transactions totaled just under \$5.3 billion - a 51% decrease from the same period last year. This could be particularly detrimental to the development of multi-family properties. The tax hike could make buyers less interested in purchasing property in Chicago, and developers less interested in building. If commercial real estate developers are discouraged from building in Chicago, achieving a proper supply of affordable housing could be challenging. Industry experts also criticize the imposition of the tax on buyers, rather than sellers, of real estate.

2. Chicago's new transfer tax has a graduated approach. Currently, all buyers in Chicago pay the same transfer tax at closing equal to 0.75% of the purchase price. The new transfer tax has a graduated approach, which also differs from Mayor Brandon Johnson's original plan during his campaign which would have increased the transfer tax to 2.65% for all transactions over \$1 million. The final law applies three tiers for the transfer tax:
 - Property sales less than \$1 million: transfer tax would be lowered to 0.60%.
 - Property sales between \$1-1.5 million: the tax would be increased to 2.0%.
 - Property sales over \$1.5 million: the tax would be increased to 3.0% (which is quadruple the current rate).

"Chicago would have one of the highest 'mansion taxes' in the country. In comparison, Los Angeles recently enacted a 4% transfer tax on properties that sell for over \$5 million and 5.5% on properties that sell for over \$10 million (note: Los Angeles County's 'mansion tax' similarly applies to commercial properties). Connecticut imposes a tax of 2.25% on properties that sell for over \$2.5 million. And in New Jersey, the transfer tax is 1% on properties sold for over \$1 million."²⁴

The contrast is clear here; the tax bite that larger municipalities are imposing hits people that own real property with significant force. Other larger municipalities like Seattle and Portland have an ongoing tax related to both income and sales. This raises an interesting question of fairness: Is a system that taxes the amount of money people earn more burdensome or onerous than the effect of a tax that they pay when they go to sell real property?

The city of New York, arguably the most analogous jurisdiction to the city of Los Angeles, has an equally heavy "mansion tax." It's summarized this way:

"Enacted as part of the 2019 budget, Chapter 59 (S.B. 1509), increases the real estate transfer tax rates, including the so-called mansion tax, on conveyances of real property in New York City. Specifically, the law increases the real estate transfer tax by 0.25% for conveyances of: (i) residential real property when the consideration is \$3 million or more, and (ii) any other real property (i.e., commercial property) when the consideration is \$2 million or more. The increased real estate transfer tax rate is in addition to the existing 0.4% real estate transfer tax on all conveyances. The law also imposes an additional mansion tax, ranging from 0.25% on transfers of \$2 million or more to 2.9% on transfers of \$25 million or more. This new/additional mansion tax is in addition to the existing 1% mansion tax on transfers of residential real property of \$1 million or more. As a result of these increases and additional tax, the total combined top rate is 4.55% on the sale of residential properties valued at \$25 million or above in New York City."²⁵

The New York City tax is in a lot of ways analogous to Measure ULA in Los Angeles; *it applies to both residential and commercial properties* and has escalators for value, although the triggers in Measure ULA in Los Angeles are lower at \$5 million and \$10 million than in New York at \$25 million, and the top rate is higher at 5.5% rather than 4.55% in New York.

All these examples give the reader a kaleidoscope of approaches and methods that municipalities large and small are using to try to fund remedies for the homeless problem. The larger, more macro question, though, is not just a question of fairness but whether the burden is so extreme by imposing the tax, whether on real property transfers or on sales or payroll, that businesses will be discouraged and start to leave?

IV. Conclusion

Given the fact that Measure ULA has already had a significant chilling effect on transactions in the City of Los Angeles; it is netting paltry income, and was not approved by the normal two thirds majority that the State Constitution mandates, is this a flawed piece of legislation that should be invalidated? In fact, is this an

overreaction to a problem that isn't easily solved with just money? In point of fact, the other jurisdictions dealing with the same problem are moderating the amounts and methods of imposition of the tax, with some imposing it only on residential transactions and almost all of them significantly limiting the amount of tax being collected, along with a more "hands-on" and direct approach with the agencies that will receive the funds.

The facts of the Los Angeles legislation, the manner of its implementation and the effects of it prove the law of unintended consequences; that is, actions of people—and especially of government—always have effects that are unanticipated or unintended. In an economy negatively affected by current debt ceiling negotiations as well as the Ukrainian war and rampant inflation with rising interest rates, legislation of this type, while utopian, makes little sense. The very people that are the backbone of the economy, small partnerships with real property holdings that comprise their livelihood, are the ones most deeply affected and often unable to bear the burden of this tax.

Timing in life is everything; this legislation, in this author's opinion, was passed during a period of the nation coming out of a pandemic, with the lingering economic fallout that the pandemic imposed, suffers from bad timing and should be reevaluated.

ENDNOTES:

¹Initiative Ordinance ULA, Section 1 a and b.

²City of Los Angeles Initiative, Referendum & Recall Petition Handbook, Revised December 2019.

³See Election Code Sections 705, 712 and 718; see also City of Los Angeles Initiative, Referendum & Recall Petition Handbook, pages 2 and 6.

⁴Measure ULA, City of Los Angeles Municipal Code, Section 21.9.2 (b).

⁵[Ballotpedia.org/Los Angeles, California, Proposition 5](https://ballotpedia.org/Los_Angeles,_California,_Proposition_5) Opposition ULA Tax on \$5 Million House Sale Initiative (November 2022) at Page 3

⁶Howard Jarvis Taxpayers Association and

Apartment Association of Greater Los Angeles v. City of Los Angeles, Complaint (Los Angeles Superior Court Case No. 22STCV39662 at Page 2, lines 8 through 13.

⁷*Pillsbury*—"The Sequel to Upland: A California Supermajority Tax Showdown" by Robert P. Merten III and Richard E. Nielsen, in *Law 360*, February 19, 2019.

⁸*City and County of San Francisco v Farrell* (1982) 32 Cal 3rd 47, 57

⁹California Cannabis Coalition et al v. City of Upland [2017], 3 Cal 5th at 935

¹⁰See *Howard Jarvis Taxpayers Association v. City of Los Angeles*, Los Angeles Superior Court Case No. 22STCD39662, Complaint, at Page 5, Lines 20 through 26.

¹¹Interview with Sean Fulp of Colliers of April 14, 2023, Page 2, Paragraph 3. - www.connectcre.com/stories/measure-ula-and-la-cre-qa-with-colliers-sean-fulp/#

¹²*Los Angeles Times*, May 5, 2023, "L.A.'s luxury real estate market freezes, putting 'mansion tax' funds in limbo" by Jack Flemming, at Pages 2 and 3.

¹³"Luxury Home Sales in LA plummet after ULA tax start date"—*The Real Deal*, May 11 at 12:30 pm, quoting Stephen Shapiro, co-founder of Independent West Side Estate Agency—<https://therealdeal.com/la/2023/05/08/luxury-home-sales-in-la-plummet-after-ula-tax-start-date/#>

¹⁴See, e.g., Ervin Cohen & Jessup, *Insights and Successes*—"Nine Ideas to Avoid the Effect of Measure ULA—The New Mansion Tax"—published April 13, 2023, in *The Real Dirt*, <https://www.ecjlaw.com/publication-525>.

¹⁵Newcastle Courtyards, LLC v City of Los Angeles - Case No. 2:23-CV -00104-JAK-AS filed January 6, 2023

¹⁶ <https://housingtrustfundproject.org/wp-content/uploads/2011/10/Miami-Dade-County-Homeless-Trust.pdf>.

¹⁷See <https://www.mlive.com/news/kalamazoo/2023/01/new-kalamazoo-county-tax-helps-spark-114m-in-housing-developments.html>; See also *Washington Post*, "Property tax increases aim to boost affordable housing inventories," by Haisten Willis, February 25, 2021, https://www.washingtonpost.com/realestate/how-a-small-property-tax-increase-can-boost-affordable-housing-inventories/2021/02/24/0c1c2554-6d8b-11eb-ba56-d7e2c8defa31_story.html.

¹⁸"Portland homeless tax wins handily amid coronavirus woe" *The Seattle Times*, May 20, 2020, Page 2, Paragraph 5; <https://www.seattletimes.com/nation-world/nation/portland-homeless->

[tax-wins-handily-amid-coronavirus-woes/](#).

¹⁹See *Oregon Metro*, “Supportive housing services tax,” Page 1. [OregonMetro.gov/public-projects/supportive-housing-services-tax](https://www.oregonmetro.gov/public-projects/supportive-housing-services-tax).

²⁰See “King County raises sales tax in effort to help house the chronic homeless population” by Matt Markovich, KOMO News reporter, Tuesday, October 13, 2020 at Page 3, Paragraph 3.

²¹“Payroll tax on Seattle’s biggest earners funds \$97 million in affordable housing” by *My Northwest* staff, July 25, 2022 at Page 2, Paragraph 2. <https://mynorthwest.com/3575464/payroll-tax-seattle-jumpstart-affordable-housing/#:~:text=Labeled%20JumpStart%2C%20the%20tax%20applies,raise%20%24277%20million%20in%202022>.

²²See “Wenatchee OKs sales tax for homeless shelter, services,” *Wenatchee World.com* by Pete O’Cain, March 25, 2021. [https://www.wenatcheeworld.com/news/wenatchee-oks-sales-tax-for-homeless-shelter-services/article_96e12fc0-8ddb-11eb-887c-](https://www.wenatcheeworld.com/news/wenatchee-oks-sales-tax-for-homeless-shelter-services/article_96e12fc0-8ddb-11eb-887c-43ad87ab462c.html)

[43ad87ab462c.html](#).

²³“Denver Voters Approve Sales tax Increase To Fund Services for Homeless,” *CBS Colorado*, November 4, 2020 at Pages 1 and 3; <https://www.cbsnews.com/colorado/news/denver-homeless-measure-approved-sales-tax-increase-voters/>.

²⁴“Chicago Moves One Step Closer to Enacting ‘Mansion Tax’ That Would Apply to Residential and Commercial Properties,” *Lexology, USA*, September 5, 2023, by Benjamin M. Altshul; <https://www.lexology.com/library/detail.aspx?g=5affedbd-9083-43d5-b52a-d70eef44b995>.

²⁵*CCH Answer Connect*, “New York, Real Estate Transfer Tax.” See also *2022 Guide to the NYC Mansion Tax*. <https://answerconnect.cch.com/document/jny0109013e2c863ba03b/state/explanations/new-york/real-estate-transfer-tax>;

<https://legal.thomsonreuters.com/>