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Understanding the Impacts of Mansion Taxes in Southern California

With a Focus on City of LA's Measure ULA



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Table of Contents

Table of Contents.....	3
Executive Summary.....	5
Introduction	9
Methodology.....	11
Data Sources.....	11
Time Period.....	11
Geography	12
Foregone Transactions, Value, and Fiscal Revenue	12
Robustness Checks	12
Part I. About City of LA’s Measure ULA	13
Adoption and Public Framing.....	13
Structure of City of Los Angeles’s Transfer Tax System	14
Emerging Policy Reassessment.....	16
Illustrative Transfer Tax Burdens Under Measure ULA.....	16
Part II. About City of Santa Monica’s Mansion Taxes (Measures SM and GM)	19
Structure of Santa Monica’s Transfer Tax System	19
Illustrative Transfer Tax Burdens Under Measures SM and GS	20
Part III. About Culver City’s Measure RE.....	23
Structure of Culver City’s Transfer Tax System	23
Illustrative Transfer Tax Burdens Under Measure RE	25
Part IV. Mansion Taxes in Broader Context	27
Expansion of Mansion Taxes Nationally.....	27
California Documentary Transfer Tax Structures.....	27
Comparative Tax Structures Across Jurisdictions.....	29
Part V. Analysis of Market Effects Following Measure ULA Implementation.....	31
Effects of Measure ULA on High-Value Transaction Activity.....	31
Evidence of Threshold Effects and Transaction Clustering.....	34
Multifamily Building Permit Trends	39
Regression Analysis: Single-Family Residential Sale Prices	41
Regression Analysis: Residential and Commercial Transactions	42
Regression-Based Counterfactual Analysis.....	43
Growth-Based Counterfactual Analysis	44

Part VI. Fiscal Performance and Revenue Implications of Measure ULA	48
Fiscal Performance of Measure ULA.....	48
Allocation and Use of Measure ULA Funds.....	49
Budgeted Versus Actual Revenues and Expenditures	50
Counterfactual Analysis: Estimated Fiscal Impacts on Government Revenues	52
Part VII. Analysis of Market Effects in Culver City and Santa Monica	55
Market Effects Following Measure GS Implementation	55
Market Effects Following Measure RE Implementation	56
Part VIII. Review of Studies on Mansion Taxes	58
Revenue and Feasibility Studies.....	58
Supply-Side and Market Response Studies.....	59
Synthesis of Findings.....	64
Part IX. Housing Market Liquidity and the Ripple Effects of Mansion Taxes	65
Part X. Transfer Tax Avoidance Incentives.....	67
Transitional Avoidance: Pre-Implementation Rush Sales	67
Post-ULA Avoidance: Ongoing Market Responses.....	67
Conclusion	71
Appendix	73

Executive Summary

This report evaluates the market and fiscal effects associated with several major Southern California transfer tax measures, with primary focus on the City of Los Angeles's Measure ULA ("United to House LA"). Measure ULA, approved by Los Angeles voters in November 2022 and implemented on April 1, 2023, imposed substantial new transfer taxes on property transactions above specified value thresholds. While the measure was intended to generate revenues for affordable housing and homelessness prevention programs, the findings of this report suggest it also meaningfully altered real estate market behavior within the City of Los Angeles.

Across multiple analyses, the evidence points to a significant slowdown in high-value transaction activity within Los Angeles relative to surrounding areas following implementation of Measure ULA. The share of transactions occurring above the applicable tax thresholds declined notably after implementation, while visible clustering emerged immediately below the thresholds themselves, suggesting buyers and sellers were adjusting pricing and transaction behavior to avoid the tax where possible.

The regression analysis similarly suggests that higher-end residential properties within Los Angeles underperformed comparable properties in surrounding jurisdictions following implementation. In the preferred single-family residential specifications, controlling for factors such as square footage, age, bedrooms, and pool characteristics, post-ULA sale prices in Los Angeles underperformed surrounding jurisdictions by roughly 6-7% overall. Within the \$5 million-and-above segment directly affected by the tax, the estimated relative decline was substantially larger, at roughly 11% to 12%.

6-7%

Relative Decline
in LA SFR Sale
Prices Post-ULA

11-12%

Relative Decline
in LA \$5M+ SFR
Sale Prices
Post-ULA

Difference-in-differences Poisson regressions likewise indicate that the effects of Measure ULA were concentrated within the higher-value segment of the market directly subject to the tax. The analysis estimates that expected monthly high-value transaction counts declined by approximately 41% relative to surrounding jurisdictions following implementation of Measure ULA, while no statistically significant effect was detected for transactions below the applicable threshold.

Two complementary counterfactual analyses were conducted to estimate the magnitude of these effects. A regression-based counterfactual using the Poisson regression results suggests that the City of Los Angeles experienced approximately 1,000 fewer high-value transactions between January 2024 and March 2026 than would have been expected absent the estimated Measure ULA effect. A separate growth-based counterfactual using the remainder of Los Angeles County as a benchmark produces a similar estimate of approximately 1,177 fewer high-value transactions over FY2024–FY2026, providing additional support for the conclusion that Measure ULA substantially reduced activity within the affected market segment.

Within the high-value transaction segments directly affected by Measure ULA, estimated foregone transaction value totaled approximately \$6.41 billion in FY2024, \$3.55 billion in FY2025, and \$3.02 billion in FY2026.

~1,000

Estimated Reduction
in “High-Value”
Transactions
FY24-FY26

~\$13 B

Estimated Reduction
in “High-Value”
Transaction Value
FY24-FY26

45%

Decline in New MF
Unit Permits
(22-23 vs. 24-25)

52%

Decline in New MF
Building Permits
(22-23 vs. 24-25)

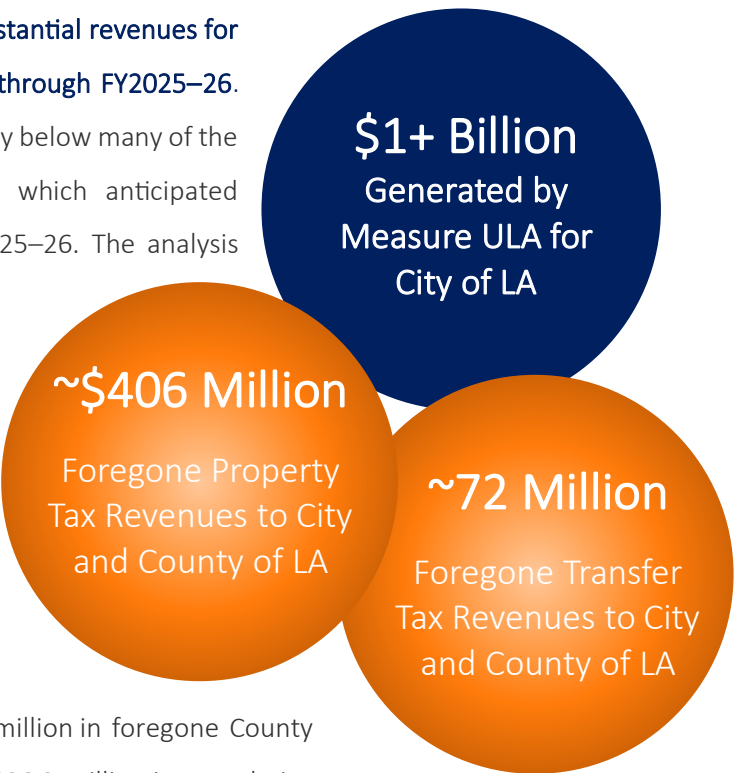
The report also documents notable declines in multifamily permitting activity¹ within the City of Los Angeles following implementation of the measure, particularly among mid- and large-scale ground-up projects. Comparing the 2022–2023 average to the 2024–2025 average, total new multifamily building permits declined approximately 52%, while associated permitted units declined approximately 45%. Mid-sized multifamily projects

¹ Note: These permitting trends are descriptive and should be interpreted cautiously given broader economic and financing conditions affecting development activity during this period.

experienced especially sharp declines, with permits for 20–49 unit and 50–199 unit projects both falling by roughly half during the post-ULA period.

From a fiscal perspective, Measure ULA has generated substantial revenues for the City of Los Angeles, exceeding \$1 billion cumulatively through FY2025–26.

However, actual revenues have consistently fallen materially below many of the early public projections associated with the measure, which anticipated between \$2.4 billion and \$4.4 billion by the end of FY2025–26. The analysis further suggests that Measure ULA may create a fiscal externality,² whereby revenues generated by the new transfer tax are partially offset by reductions in other real estate-related public revenues. Based on the growth-based counterfactual analysis, the estimated reduction in transaction value within the affected high-value market totaled approximately \$13.0 billion between FY2024 and FY2026, corresponding to approximately \$14.3 million in foregone City documentary transfer tax revenues, \$58.4 million in foregone County documentary transfer tax revenues, and approximately \$406.3 million in cumulative property tax revenue reductions through FY2026.



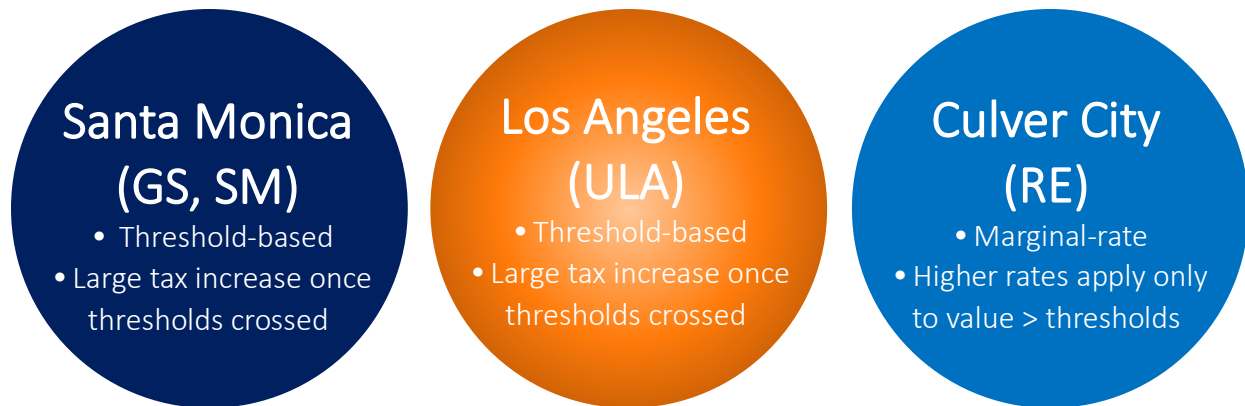
\$1+ Billion
Generated by
Measure ULA for
City of LA

~\$406 Million
Foregone Property
Tax Revenues to City
and County of LA

~72 Million
Foregone Transfer
Tax Revenues to City
and County of LA

Beyond the aggregate revenue effects, these findings suggest that Measure ULA may also alter the distribution of public revenues. Under the traditional property transfer system, documentary transfer taxes and reassessment-driven property tax revenues support a broad range of governmental functions. By contrast, Measure ULA revenues are dedicated primarily to affordable housing and homelessness-related programs within the City of Los Angeles. To the extent that Measure ULA reduced high-value transaction activity, the resulting decline in traditional transfer tax and property tax revenues may alter how public revenues are generated and distributed across these different purposes.

² This mechanism is discussed in greater detail by Green et al. (2026).



Marginal-rate systems may reduce transaction clustering and threshold-avoidance behavior relative to threshold-based systems.

The comparison across Los Angeles, Santa Monica, and Culver City also suggests that the structure of transfer taxes **matters**. Systems that impose large tax increases once thresholds are crossed appear more likely to create transaction clustering, restructuring incentives, delayed transactions, and other market distortions than more gradual marginal-rate systems. Culver City’s Measure RE, for example, applies higher rates only incrementally to value above specified thresholds, potentially reducing some of the distortions observed under threshold-based systems like Measure ULA.

Overall, the findings suggest that while transfer taxes can generate meaningful public revenues, they may also create broader market, fiscal, and investment tradeoffs that extend beyond the revenues collected directly from **the tax itself**. Policymakers should carefully weigh those tradeoffs—particularly the potential effects on transaction activity, housing investment, long-run fiscal growth, and the design of the tax itself—when considering future transfer tax policies.

Introduction

In recent years, several Southern California cities have adopted substantial increases in real estate transfer taxes on higher-value property transactions. Most prominently, Los Angeles voters approved Measure ULA — formally titled the Homelessness and Housing Solutions Tax — in November 2022, with implementation beginning in April 2023. Similar policies have also been adopted in neighboring jurisdictions, including Santa Monica’s Measures SM and GS and Culver City’s Measure RE.

These measures were primarily intended to generate revenues for affordable housing and homelessness prevention programs. However, because transfer taxes directly increase the cost of buying and selling property, they may also influence real estate market behavior beyond revenue generation alone. Higher transaction costs may affect sales activity, pricing, market liquidity, investment decisions, development incentives, and ultimately local government revenues tied to real estate markets.

This study by Beacon Economics evaluates the impacts of three major Southern California “mansion taxes”: Measure ULA in the City of Los Angeles, Measures SM and GS in Santa Monica, and Measure RE in Culver City. Using transaction-level residential and commercial real estate data and comparisons against the remainder of Los Angeles County, the analysis examines how higher transfer taxes may affect sales activity and pricing behavior, while distinguishing potential policy effects from broader market conditions.

This report compares and contrasts the differing structures of the three policies examined. While Los Angeles and Santa Monica rely primarily on large threshold-based increases in tax liability, Culver City employs a more graduated marginal-rate structure, conceptually similar to a progressive income tax system in which higher tax rates apply only to the portion of value above specified thresholds. These structural differences may influence the degree to which each policy distorts transaction behavior, providing a useful basis for comparison across jurisdictions.

The report also evaluates the fiscal performance of Measure ULA by comparing projected and realized transfer tax revenues over time. Doing so provides insight not only into how the market responded to the taxes, but also into the extent to which the policy appears to be fulfilling its stated objective of funding affordable housing and homelessness prevention programs.

More broadly, the analysis considers the economic incentives created by transfer taxes and the ways in which market participants may respond to them. In economic terms, taxes tend to discourage the behavior being taxed

at the margin, particularly when the increase in tax liability is large relative to the value of the transaction. As a result, higher transfer taxes may encourage efforts to delay, restructure, relocate, or otherwise avoid taxable transactions altogether. The report discusses several potential tax-avoidance and behavioral-response mechanisms that may emerge under these policies.

One potential consequence of transfer taxes is that they may function as a form of economic downzoning. Although local zoning codes may permit higher-density residential or mixed-use development, additional transaction costs can reduce the financial feasibility of such projects. This issue may be particularly relevant for multifamily and transit-oriented development projects, which often involve multiple taxable transactions over their lifecycle. By increasing costs at key stages of the development process, transfer taxes may discourage redevelopment, delay investment, or shift development toward lower density uses that can more easily absorb the added costs. The result is that less housing may be produced than local zoning regulations would otherwise allow.

Finally, to place the empirical findings in context, the study also reviews the emerging literature on mansion taxes — much of which has focused on Measure ULA — as well as broader economic literature concerning the importance of liquidity and transaction efficiency in real estate markets. Because real estate markets depend heavily on the ability to transact property efficiently, policies that materially increase transaction costs may generate effects extending beyond the transactions directly subject to the tax.

Methodology

This section describes the principal data sources, comparison geographies, study period, and analytical methods used throughout the report. Additional methodological details are provided within the relevant analysis sections where appropriate.

Data Sources

Transaction-level analyses in this study are based primarily on Chicago Title Company transaction data derived from recorded property transfer filings and related property records. The dataset includes transactions occurring within the City of Los Angeles, the City of Santa Monica, Culver City, and the remainder of Los Angeles County. The full dataset spans 2018 through year-to-date 2026.

To estimate reassessment-driven property tax impacts, Beacon Economics supplemented the transaction data with property assessment records obtained from the Los Angeles County Assessor. These data were used to estimate the typical increase in assessed value associated with property sales. Properties selling for less than \$5 million experienced an average increase in assessed value of approximately 76% upon transfer, while properties selling for more than \$5 million experienced an average increase of approximately 109%. These reassessment factors were applied in the counterfactual fiscal analysis to estimate the property tax revenues associated with transactions that did not occur under the observed Measure ULA environment. Property tax revenues were estimated using an assumed effective property tax rate of 1.25%, consistent with information published by the Los Angeles County Auditor-Controller.

Time Period

For purposes of the analysis, the primary “pre-ULA” comparison period consists of Fiscal Year (FY) 2020–21 through FY 2022–23. Although Measure ULA took effect in April 2023, only the final three months of FY 2022–23 occurred after implementation, and this limited overlap is not expected to materially affect the findings. Because FY 2025–26 was incomplete at the time of analysis, figures for that fiscal year were extrapolated using nine months of observed transaction activity combined with historical seasonal transaction patterns in the county.

Geography

The “remainder of Los Angeles County” comparison geography excludes the City of Los Angeles, Santa Monica, and Culver City in order to isolate trends occurring outside jurisdictions that implemented similar transfer tax policies. Geographic classifications throughout the study follow official municipal boundaries. As a result, neighborhoods commonly referenced separately from the City of Los Angeles (such as Tujunga and other communities within the city’s legal boundaries) are classified as part of the City of Los Angeles for analytical purposes.

Foregone Transactions, Value, and Fiscal Revenue

Throughout this report, “foregone transactions” refers to the estimated shortfall in transactions within the expected price ranges relative to the counterfactual trend. This shortfall may reflect a combination of transactions that were repriced below the Measure ULA threshold, shifted to another jurisdiction, delayed, or did not occur. The methodology does not distinguish among these outcomes. While some transactions may have relocated to neighboring jurisdictions, including elsewhere within Los Angeles County, the available transaction data do not permit individual transactions to be tracked across jurisdictions or the magnitude of any substitution effect to be reliably estimated. The analysis is intended to estimate the net change in transaction activity within the City of Los Angeles rather than separately quantify the extent to which observed reductions reflect geographic relocation versus other behavioral responses.

Robustness Checks

During peer review, it was noted that the January 2025 Palisades and Eaton Fires may have affected transaction activity in portions of both the City of Los Angeles and the comparison geography. To evaluate whether these localized events materially influenced the findings, the analyses were re-estimated after excluding properties located in Pacific Palisades and Altadena. The results were substantively unchanged across both the indexed transaction analyses and the hedonic regression models. For example, the estimated post-Measure ULA interaction effect for prices of single-family homes changed only slightly from approximately -6.24% to -6.38%, indicating that the study’s conclusions are not driven by fire-related transaction activity. Detailed results are provided in the Appendix.

Part I. About City of LA's Measure ULA

"Measure ULA is a policy that unintentionally stalls housing production — like trying to address hunger, and you did it with a program that increased food shortages."

— Councilmember Nithya Raman, on Measure ULA, remarks before the Los Angeles City Council, January 27, 2026.

Adoption and Public Framing

On November 8, 2022, Los Angeles voters approved Measure ULA — formally titled the Homelessness and Housing Solutions Tax, by a margin of approximately 58% to 42%.³ The measure is commonly referred to as the "mansion tax," a label that is misleading in its scope and application: Measure ULA applies to all real estate sales above \$5 million, including residential, commercial, and vacant land transactions. That framing proved politically effective, but the gap between the label and the law's true reach has since generated significant economic consequences.

The characterization of ULA as a "mansion tax" was not incidental. Campaign messaging was informed by polling and tailored toward voter groups most receptive to the measure.⁴ An argument in favor of Measure ULA published in the Los Angeles Voter Information Pamphlet stated that "when someone sells a mansion or other real estate worth more than \$5 million, Initiative Ordinance ULA would invest a small percentage of that revenue back into our communities,"⁵ framing the measure primarily as a tax on luxury residential sales. Although arguments contained in voter information materials are expressly identified as the opinions of their authors and are not independently verified by City agencies, they nevertheless shape public understanding and voter perceptions of ballot measures. The implication that ULA would primarily affect sellers of high-end single-family homes was central to the measure's political appeal and obscured its substantially broader application to commercial, multifamily, and development-related transactions.

³GlobeSt. (2024, June 24). California's top court nixes ballot challenge to Measure ULA. GlobeSt. <https://www.globest.com/2024/06/24/californias-top-court-nixes-ballot-challenge-to-measure-ula/>

⁴ Dreier, Peter. "The Battle Over Los Angeles's Mansion Tax." Dissent Magazine, Winter 2025.

⁵ City of Los Angeles, Office of the City Clerk. (2022). Voter information pamphlet: City of Los Angeles ballot measures, November 8, 2022 General Municipal Election.

Table 1. What People Think ULA Applies To vs. What It Actually Applies To

What people think ULA applies to	What ULA actually applies to
 <i>Mansions only</i>	Luxury homes above \$5M
	Apartment complexes & multifamily buildings ⁶
	Office buildings
	Hotels & short-term accommodation properties
	Retail & shopping centers
	Industrial facilities & warehouses
	Soundstages
	Vacant & raw land
	Mixed-use developments <i>Taxed at both acquisition (land purchase) and disposition (sale of completed project) stages.</i>

Source: Ward et al. (2025); *Los Angeles Times* (2025); City of Los Angeles (2022). Analysis by Beacon Economics.

Structure of City of Los Angeles's Transfer Tax System

Measure ULA is a real estate transfer tax, meaning it is triggered only when a qualifying property transaction occurs. Unlike an annual property tax, the tax is imposed as a one-time charge at the point of sale or transfer.

The ULA Tax is layered on top of existing transfer taxes already imposed at both the county and city levels. As a practical matter, parties recording a deed in Los Angeles County must account for and report three separate transfer tax components:

- The documentary transfer tax imposed by the County of Los Angeles
- The Base Tax imposed by the City of Los Angeles
- The additional ULA Tax

⁶ Measure ULA provides exemptions for certain transferees under LAMC Sections 21.9.14 and 21.9.15, including qualified affordable housing organizations, government entities, and parties otherwise exempt from the City's base Real Property Transfer Tax. For full eligibility criteria and the application process, see the Los Angeles Housing Department at housing.lacity.gov/ula-exemptions.

Because ULA applies specifically to higher-value transactions, it substantially increases transaction costs for affected sales relative to neighboring jurisdictions without comparable transfer tax structures.

Figure 1. Composition of Transfer Tax Rate by Sale Price Tier, City of Los Angeles (FY 26)⁷



Source: City of Los Angeles, Office of Finance. Analysis by Beacon Economics.

⁷ Effective for transactions closing after June 30, 2026, the new ULA thresholds will be \$5,400,000 and \$10,900,000. Transactions greater than \$5,400,000 but less than \$10,900,000 will be assessed a 4% tax, and transactions of \$10,900,000 or greater will be assessed a 5.5% tax.

Emerging Policy Reassessment

By early 2026, the consequences of that mismatch had become sufficiently pronounced that even supporters of the measure began publicly acknowledging its unintended effects. Councilmember Nithya Raman, who supported Measure ULA in 2022, introduced a motion to amend the policy, describing it during council remarks as “a policy that unintentionally stalls housing production” and comparing its effects to “trying to address hunger, and you did it with a program that increased food shortages.”⁸ That a member of the measure’s original political coalition felt compelled to characterize the policy in such terms only three years after its passage underscores the extent to which the public framing of ULA differed from its practical economic effects.

Subsequent discussions within the Los Angeles City Council further reflected growing concern regarding the measure's impacts on housing production and development activity. In 2026, the City's Ad Hoc Committee on Measure ULA considered several potential modifications to the tax. While the Committee ultimately declined to advance a proposal that would have broadly reduced the tax rates from 4.0 percent and 5.5 percent to 2.0 percent and 3.5 percent, respectively, it continued to explore targeted reforms that would reduce the tax burden on certain affordable housing projects.⁹ These discussions are notable because they suggest an emerging recognition among policymakers that the existing structure of Measure ULA may create unintended consequences for some of the very housing developments the measure was intended to support.

Broader efforts also emerged in 2026 to revisit or limit local transfer tax structures in California through a proposed statewide ballot initiative. The proposed “Local Taxpayer Protection Act,” sponsored by the Howard Jarvis Taxpayers Association, would cap municipal transfer taxes and make it more difficult for voter-sponsored initiatives to approve local tax increases. Measure ULA is widely viewed as one of the primary targets of the proposal.¹⁰

Illustrative Transfer Tax Burdens Under Measure ULA

The scale of the increase in transaction costs resulting from Measure ULA is substantial when expressed in dollar terms. Prior to April 2023, high-value property transactions within the City of Los Angeles were already subject to

⁸ McGregor, A. (2026, February). Mansion tax revision sparks progressive backlash against Councilmember Raman. Westside Current.https://www.westsidecurrent.com/news/mansion-tax-revision-sparks-progressive-backlash-against-councilmember-raman/article_d2d3b30f-5c16-4a31-a834-8378d8aca8ad.html

⁹ https://www.westsidecurrent.com/measure-ula/mansion-tax-rollback-stalls-but-bigger-fight-remains/article_1c66d993-a108-4e66-8edf-493a1f58ae37.html

¹⁰ <https://calmatters.org/housing/2026/04/proposition-realty-mansion-tax-jarvis/>

both the County of Los Angeles documentary transfer tax and the City’s base transfer tax. Measure ULA added a new supplemental transfer tax layer that dramatically increased total tax liability for transactions above the applicable thresholds.

Tables 2 and 3 illustrate the change in transfer tax burdens associated with representative \$5.5 million and \$12 million property sales within the City of Los Angeles. In both examples, Measure ULA accounts for the overwhelming majority of total transfer tax liability after implementation.

For a hypothetical \$5.5 million transaction, total transfer taxes increased from approximately \$30,800 to approximately \$250,800 following implementation of the policy. In this example, the Measure ULA component represents nearly 88% of the total transfer tax burden at closing.

Similarly, for a hypothetical \$12 million transaction, total transfer taxes increased from approximately \$67,200 prior to Measure ULA to roughly \$727,200 after implementation — an increase of more than tenfold. Measure ULA alone accounts for approximately 91% of the total transfer tax obligation associated with the sale.

These examples illustrate that the economic significance of ULA stems not merely from the addition of another transfer tax layer, but from the magnitude of the increase relative to the pre-existing transaction cost structure.

Table 2. Transfer Tax Burden Before and After Measure ULA: \$5.5M Property Sale Within the City of Los Angeles

Tax Layer	Rate	Tax Amount Due Before ULA (pre-Apr 2023)	Tax Amount Due After ULA (post-Apr 2023)
County documentary transfer tax	0.11%	\$6,050	\$6,050
City base transfer tax	0.45%	\$24,750	\$24,750
Measure ULA supplemental tax	4.00%	—	\$220,000
Total transfer tax at closing		\$30,800	\$250,800
Tax increase: \$250,800 vs. \$30,800 — seller pays approximately 8× more in transfer taxes than before April 2023. Measure ULA alone accounts for 87.7% of the total tax bill.			

Source: City of Los Angeles, Office of Finance. Analysis by Beacon Economics.

Table 3. Transfer Tax Burden Before and After Measure ULA: \$12M Property Sale Within the City of Los Angeles

Tax Layer	Rate	Tax Amount Due Before ULA (pre-Apr 2023)	Tax Amount Due After ULA (post-Apr 2023)
County documentary transfer tax	0.11%	\$13,200	\$13,200
City base transfer tax	0.45%	\$54,000	\$54,000
Measure ULA supplemental tax	5.50%	—	\$660,000
Total transfer tax at closing		\$67,200	\$727,200
Tax increase: \$727,200 vs. \$67,200 — seller pays approximately 11× more in transfer taxes than before April 2023. Measure ULA alone accounts for 90.8% of the total tax bill.			

Source: City of Los Angeles, Office of Finance. Analysis by Beacon Economics.

Part II. About City of Santa Monica's Mansion Taxes (Measures SM and GM)

Structure of Santa Monica's Transfer Tax System

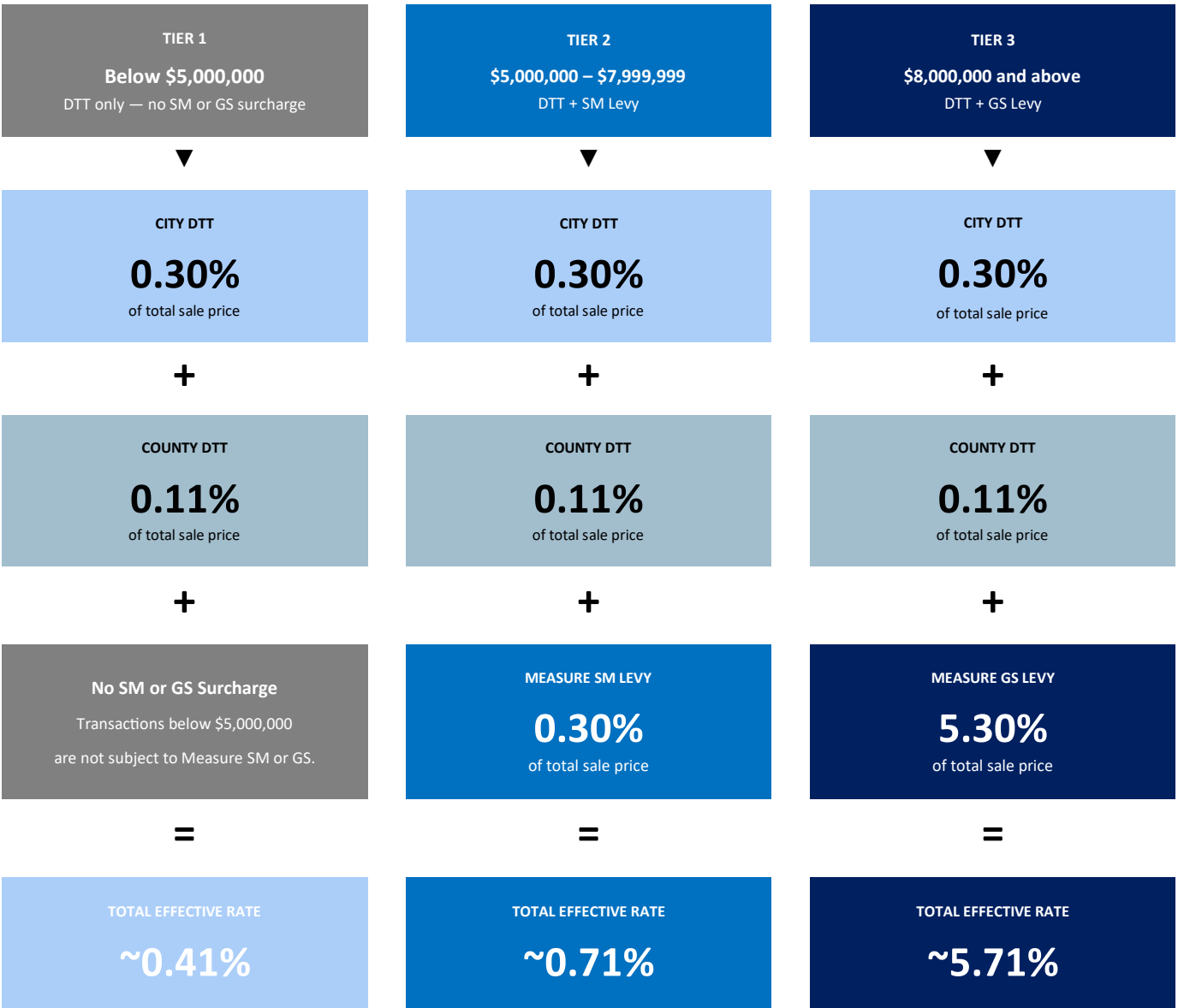
Like the City of Los Angeles, the City of Santa Monica has adopted substantial transfer tax increases on higher-value real estate transactions. Santa Monica's current structure reflects two separate voter-approved measures: Measure SM, approved in November 2020 and implemented in 2021, and Measure GS, approved in November 2022 and implemented in 2023.

Under Santa Monica's structure, all property transactions remain subject to the City's base documentary transfer tax as well as the County of Los Angeles documentary transfer tax. Additional "mansion tax" surcharges apply only once transactions exceed specified thresholds. Transactions between \$5 million and \$7.999 million are subject to the Measure SM levy, while transactions of \$8 million or greater are subject to the substantially larger Measure GS levy.

Unlike Culver City's marginal-rate structure, Santa Monica's taxes apply to the full transaction value once the applicable threshold is crossed. As a result, relatively small differences in transaction price may trigger disproportionately large increases in tax liability at specific price points.

Figure 2 summarizes the composition of Santa Monica's effective transfer tax structure by transaction tier. Transactions below \$5 million face a combined city and county transfer tax burden of approximately 0.41% of transaction value. Transactions between \$5 million and \$7.999 million face an effective rate of approximately 0.71%, while transactions at or above \$8 million face a sharply higher combined effective transfer tax rate of approximately 5.71%.

Figure 2. Composition of Transfer Tax Rate by Sale Price Tier, City of Santa Monica (FY 26)



Source: City of Santa Monica. Analysis by Beacon Economics.

Illustrative Transfer Tax Burdens Under Measures SM and GS

The practical effect of Santa Monica’s transfer tax structure becomes more apparent when expressed in dollar terms. Tables 4 and 5 illustrate the transfer tax burden associated with representative transactions before and after implementation of Measures SM and GS.

For a hypothetical \$5.5 million property sale, total transfer taxes increase from approximately \$22,550 prior to implementation of Measure SM to approximately \$39,000 after implementation. In this example, the Measure SM surcharge accounts for roughly 42% of the total transfer tax obligation at closing.

Table 4. Transfer Tax Burden Before and After Measure SM: \$5.5M Property Sale Within the City of Santa Monica

Tax Layer	Rate	Tax Amount Due Pre-Measure SM	Tax Amount Due Post-Measure SM
County documentary transfer tax	0.11%	\$6,050	\$6,050
City base transfer tax	0.30%	\$16,500	\$16,500
Measure SM supplemental tax	0.30%	—	\$16,500
Total transfer tax at closing		\$22,550	\$39,000
Tax increase: \$39,000 vs. \$22,550 — seller pays approximately 1.7× more in transfer taxes than pre-policy. Measure SM alone accounts for 42.3% of the total tax bill.			

Source: City of Santa Monica. Analysis by Beacon Economics.

Table 5. Transfer Tax Burden Before and After Measure GS: \$12M Property Sale Within the City of Santa Monica

Tax Layer	Rate	Tax Amount Due Pre-Measure GS	Tax Amount Due Post-Measure GS
County documentary transfer tax	0.11%	\$13,200	\$13,200
City base transfer tax	0.30%	\$36,000	\$36,000
Measure GS supplemental tax	5.30%	—	\$636,000
Total transfer tax at closing		\$49,200	\$685,200
Tax increase: \$685,200 vs. \$49,200 — seller pays approximately 14× more in transfer taxes than pre-policy. Measure GS alone accounts for 92.8% of the total tax bill.			

Source: City of Santa Monica. Analysis by Beacon Economics.

The increase becomes substantially larger at the higher Measure GS threshold. For a hypothetical \$12 million transaction, total transfer taxes increase from approximately \$49,200 prior to implementation to approximately \$685,200 following adoption of Measure GS — an increase of roughly fourteenfold. Measure GS alone accounts for nearly 93% of the total transfer tax burden associated with the sale.

These examples also provide a useful point of comparison with Measure ULA in the City of Los Angeles. While Santa Monica's Measure GS produces transfer tax burdens that are comparable to those observed under ULA for very high-value transactions, Santa Monica's structure is less aggressive at lower transaction tiers. For example, the increase associated with a hypothetical \$5.5 million sale under Measure SM is relatively modest compared to the substantially larger increase triggered under Measure ULA at a similar transaction value.

At the same time, Santa Monica's Measure GS still creates a sharp increase in tax liability once the \$8 million threshold is crossed, producing effective transfer tax burdens that approach those observed in Los Angeles for transactions above ULA's higher threshold. These differences in structure and threshold design may influence the degree and form of behavioral responses observed across jurisdictions.

Part III. About Culver City's Measure RE

Structure of Culver City's Transfer Tax System

Culver City's transfer tax structure differs materially from those adopted by the City of Los Angeles and the City of Santa Monica. In November 2020, Culver City voters approved Measure RE, which substantially increased transfer taxes on higher-value real estate transactions beginning in April 2021.

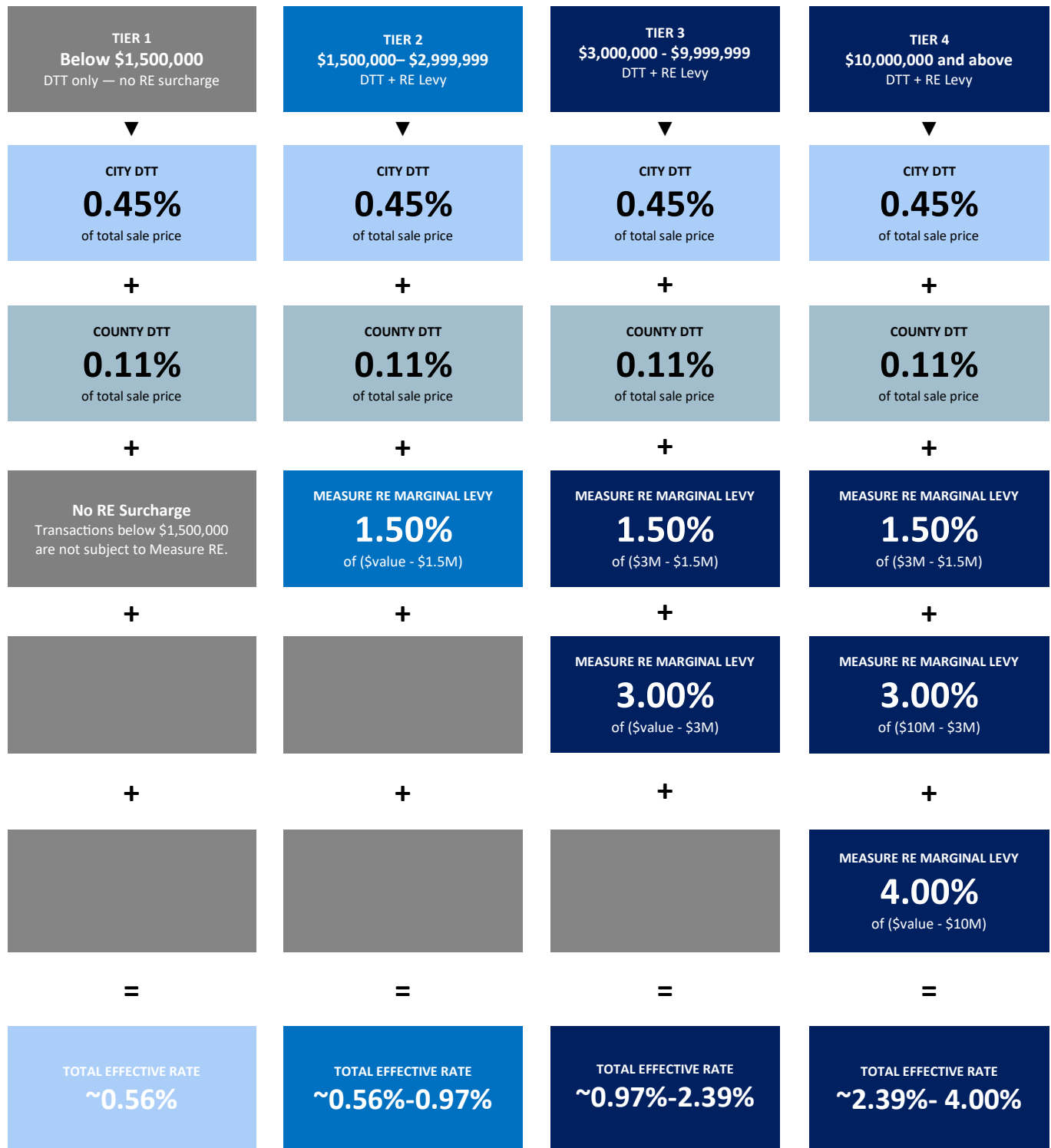
Like Los Angeles and Santa Monica, property transactions within Culver City remain subject to both the City's base documentary transfer tax and the County of Los Angeles documentary transfer tax. However, Measure RE introduced a multi-tiered supplemental transfer tax structure that differs from the "cliff-style" systems used in Los Angeles and Santa Monica.

Under Measure RE, transactions below \$1.5 million are not subject to any supplemental transfer tax. Transactions between \$1.5 million and \$3 million are subject to a 1.5% marginal tax on the portion of value above \$1.5 million. Transactions between \$3 million and \$10 million are additionally subject to a 3.0% marginal tax on value above \$3 million, while transactions above \$10 million are subject to a 4.0% marginal tax on value above \$10 million.

Importantly, these supplemental rates apply only to the incremental portion of value above each threshold, conceptually similar to a progressive income tax system. This differs substantially from the structures used in Los Angeles and Santa Monica, where higher tax rates generally apply to the full transaction value once a threshold is crossed.

Figure 3 summarizes the composition of Culver City's transfer tax structure across transaction tiers. Because the tax is structured on a marginal basis, effective transfer tax rates rise more gradually as transaction values increase. Transactions below \$1.5 million face a combined effective transfer tax rate of approximately 0.56%, while effective rates for higher-value transactions increase progressively depending on the share of value subject to the higher marginal brackets.

Figure 3. Composition of Transfer Tax Rate by Sale Price Tier, Culver City (FY 26)



Source: Culver City. Analysis by Beacon Economics.

Illustrative Transfer Tax Burdens Under Measure RE

The practical effect of Culver City's transfer tax structure is illustrated in Tables 6 and 7 using representative property transactions before and after implementation of Measure RE.

Table 6. Transfer Tax Burden Before and After Measure RE: \$5.5M Property Sale Within the Culver City

Tax Layer	Rate	Tax Amount Due Pre-Measure RE	Tax Amount Due Post-Measure RE
County documentary transfer tax	0.11%	\$6,050	\$6,050
City base transfer tax	0.45%	\$24,750	\$24,750
Measure RE supplemental tax	%	—	\$73,450
Total transfer tax at closing		\$30,800	\$104,250
Tax increase: \$104,250 vs. \$30,800 — seller pays approximately 3.4× more in transfer taxes than pre-policy. Measure RE alone accounts for 70.5% of the total tax bill.			

Source: Culver City. Analysis by Beacon Economics.

Table 7. Transfer Tax Burden Before and After Measure RE: \$12M Property Sale Within Culver City

Tax Layer	Rate	Tax Amount Due Pre-Measure RE	Tax Amount Due Post-Measure RE
County documentary transfer tax	0.11%	\$13,200	\$13,200
City base transfer tax	0.45%	\$54,000	\$54,000
Measure RE supplemental tax	%	—	\$252,050
Total transfer tax at closing		\$67,200	\$319,250
Tax increase: \$319,250 vs. \$67,200 — seller pays approximately 4.8× more in transfer taxes than pre-policy. Measure RE alone accounts for 79.0% of the total tax bill.			

Source: Culver City. Analysis by Beacon Economics.

For a hypothetical \$5.5 million property sale, total transfer taxes increase from approximately \$30,800 prior to implementation of Measure RE to approximately \$104,250 after implementation. In this example, the Measure RE component accounts for approximately 71% of the total transfer tax burden at closing.

For a hypothetical \$12 million transaction, total transfer taxes increase from approximately \$67,200 prior to implementation to approximately \$319,250 following adoption of Measure RE — an increase of roughly 4.8 times relative to the pre-policy transfer tax structure. Measure RE alone accounts for approximately 79% of the total transfer tax obligation associated with the transaction.

Compared to the transfer tax structures adopted in Los Angeles and Santa Monica, Culver City's Measure RE produces smaller increases in total transaction costs for higher-value transactions despite imposing multiple tax brackets. This reflects the importance of the policy's marginal-rate structure, under which higher tax rates apply only to incremental portions of value above specified thresholds rather than to the full transaction amount. As a result, Culver City's structure creates a more gradual increase in effective transaction costs and may therefore generate less severe threshold-related distortions, including incentives for transaction restructuring, price clustering, or attempts to avoid crossing specific transaction thresholds altogether. By reducing these distortions, the policy may also lessen the risk that transfer taxes function as a form of economic downzoning.

Part IV. Mansion Taxes in Broader Context

Expansion of Mansion Taxes Nationally

Although real estate “mansion taxes” have received heightened attention in California in recent years, progressive transfer taxes on higher-value property transactions are not new. New York City became the first major U.S. locality to adopt a progressive real estate transfer tax structure in 1982.¹¹ However, use of these taxes expanded considerably between 2018 and 2023 as local governments increasingly turned to transfer taxes to fund housing, homelessness, infrastructure, and other public policy priorities.

As of early 2024, at least 17 cities and counties across the United States had implemented progressive transfer taxes on higher-value real estate transactions, including at least 11 jurisdictions in California as of the end of 2023.¹² Collectively, these taxes generate several billion dollars in annual revenue nationwide, and measures adopting or expanding such taxes have generally proven politically successful when presented to voters.

At the same time, transfer tax structures vary substantially across jurisdictions. Some apply relatively modest surcharges, while others impose sharply higher rates on luxury or institutional transactions. Jurisdictions also differ in whether higher rates apply to the full transaction value once a threshold is crossed or only to the incremental value above that threshold. These structural differences are economically significant because they influence the extent to which taxes create “cliff effects,” alter transaction incentives, or encourage tax-avoidance behavior.

California Documentary Transfer Tax Structures

California provides a particularly useful setting for examining these differences because local governments retain broad discretion in designing documentary transfer tax systems. As shown in Table 8, transfer tax rates vary substantially across jurisdictions within the state, with some cities imposing only modest additions to the county

¹¹ Institute on Taxation and Economic Policy (ITEP), Local Mansion Taxes: Building Stronger Communities with Progressive Taxes on High-Value Real Estate (Nov. 2025).

¹² <https://www.californiacityfinance.com/PropTransfTaxRates.pdf>

documentary transfer tax while others have adopted highly progressive structures with effective rates exceeding several percentage points on higher-value transactions.

Among California jurisdictions, Los Angeles’s Measure ULA represents one of the most aggressive city-level transfer tax structures currently in place. Transactions above the applicable thresholds may face combined city and county transfer tax burdens exceeding 6% of transaction value. By comparison, many California cities with enhanced transfer tax structures impose top effective rates closer to 1%–3%, while even several jurisdictions commonly associated with “mansion taxes” remain below the effective rates imposed under ULA.

California jurisdictions differ not only in tax rates, but also in tax design. Los Angeles, Santa Monica, and other cities primarily rely on threshold-based systems in which higher tax rates apply once a transaction crosses a specified value threshold. Culver City, by contrast, uses a marginal-rate structure in which higher rates apply only to the portion of value above each threshold. These differing approaches provide a useful basis for comparing how alternative transfer tax structures may influence market behavior and outcomes.

Table 8. City and County Documentary Transfer Tax Rates per \$1,000 of Property Value for Select California Jurisdictions

Jurisdiction	City Tax	County Tax	Total Tax
ALAMEDA COUNTY		\$ 1.10	\$ 1.10
ALAMEDA	\$ 12.00	\$ 1.10	\$ 13.10
ALBANY	\$ 15.00	\$ 1.10	\$ 16.10
BERKELEY	up to \$1.6m value: \$15.00	\$ 1.10	\$ 16.10
	\$1.6m & over: \$25.00	\$ 1.10	\$ 26.10
EMERYVILLE	up to \$1m value: \$12.00	\$ 1.10	\$ 13.10
	\$1m–\$1.5m: \$15.00	\$ 1.10	\$ 16.10
	over \$2m: \$25.00	\$ 1.10	\$ 26.10
HAYWARD	\$ 8.50	\$ 1.10	\$ 9.60
OAKLAND	up to \$300k value: \$10.00	\$ 1.10	\$ 11.10
	\$300k–\$2m: \$15.00	\$ 1.10	\$ 16.10
	\$2m–\$5m: \$17.50	\$ 1.10	\$ 18.60
	over \$5m: \$25.00	\$ 1.10	\$ 26.10
PIEDMONT	\$ 13.00	\$ 1.10	\$ 14.10
SAN LEANDRO	\$ 11.00	\$ 1.10	\$ 12.10
CONTRA COSTA COUNTY		\$ 1.10	\$ 1.10
EL CERRITO	\$ 12.00	\$ 1.10	\$ 13.10
COLUSA COUNTY		\$ 1.10	\$ 1.10
RICHMOND	under \$1m value: \$7.00	\$ 1.10	\$ 8.10

	\$1m-\$3m: \$12.50	\$ 1.10	\$ 13.50
	\$3m-\$10m: \$25.00	\$ 1.10	\$ 26.10
	over \$10m: \$30.00	\$ 1.10	\$ 31.10
LOS ANGELES COUNTY		\$ 1.10	\$ 1.10
	under \$1.5m value: 0.45%	\$ 1.10	\$ 5.60
	\$1.5M-\$3M: \$6,750+1.5% of value >\$1.5m	\$ 1.10	\$5.60 - \$9.70
	\$3M-\$10M: \$29,250 + 3% of value >\$3m	\$ 1.10	\$9.70 - \$23.90
	over \$10M: \$239,250 + 4% of value >\$10m	\$ 1.10	\$23.9 - \$40.00
	up to 5.3m value \$4.50	\$ 1.10	\$ 5.60
	\$5.3m-\$10.6m value: 4.45%	\$ 1.10	\$ 45.60
	over \$10.6m: 5.95%	\$ 1.10	\$ 60.60
	up to \$5m value: \$3.00	\$ 1.10	\$ 4.10
	\$5m-\$8m: \$6.00	\$ 1.10	\$ 7.10
	\$8m & over: \$56.00	\$ 1.10	\$ 57.10
POMONA	\$2.20	\$1.10	\$3.30
REDONDO BEACH	\$2.20	\$1.10	\$3.30
SAN FRANCISCO COUNTY	Over \$100,000 AV => 0.5%, Over \$250,000 AV => 0.68%		
SAN FRANCISCO	Over \$1 million AV => 0.75%, Over \$5 million AV => 2.25% Over \$10 million AV => 5.50%, over \$25 million => 6.00% Discounts for certain solar & seismic improvements.		
SAN MATEO COUNTY		\$1.10	
	up to \$10m value: 0.5%	\$ 1.10	\$ 6.10
	\$10M or more: 1.5%	\$ 1.10	\$ 16.10
SANTA CLARA COUNTY		\$ 1.10	\$ 1.10
	up to \$6m value: \$3.30	\$ 1.10	\$ 4.40
	over \$6m: \$15.00	\$ 1.10	\$ 16.10
PALO ALTO	\$ 3.30	\$ 1.10	\$ 4.40
	\$ 3.30	\$ 1.10	\$ 4.40
	\$2m-\$5m value: \$3.30 plus 0.75%	\$ 1.10	\$ 11.90
	on \$5m-\$10m: \$3.30 plus 1.00%	\$ 1.10	\$ 14.40
	over \$10m: \$3.30 plus 1.50%	\$ 1.10	\$ 19.40

Source: California City Finance, Documentary Transfer Tax Rates; compiled and adapted by Beacon Economics.

Comparative Tax Structures Across Jurisdictions

The broader national landscape similarly reflects substantial variation in transfer tax design. As shown in Table 9, jurisdictions differ in the number of tax brackets employed, the thresholds at which higher rates apply, the magnitude of top marginal rates, and whether taxes are structured on a marginal or non-marginal basis.

For example, New York City employs a multi-tiered structure with numerous brackets extending to transactions above \$25 million, while jurisdictions such as Washington, D.C. maintain comparatively modest transfer tax rates

across most transaction tiers. Several California jurisdictions — including Los Angeles, Santa Monica, and San Francisco — now impose some of the highest local transfer tax burdens in the country on high-value transactions.

These structural differences may differentially influence market behavior. Systems that apply sharply higher tax rates to the full transaction value once a threshold is crossed may create stronger incentives for price clustering, transaction restructuring, delayed sales, or other behavioral responses than marginal-rate systems in which tax liability increases more gradually. And so, evaluating mansion taxes requires attention not only to tax levels, but also to the structure through which those taxes are imposed.

Table 9. Real Estate Transfer Tax Thresholds and Rates — Select U.S. Cities

Jurisdiction	Lowest Rate	Highest Rate	Lowest Threshold	Highest Threshold	Taxable Brackets	Marginal Rates
Los Angeles	4.00%	5.50%	\$5.3M	\$10.6M	2	No
San Francisco	0.68%	6.00%	\$100k	\$25M	5	No
San Jose	0.75%	1.50%	\$2M	\$10M	3	No
Culver City	0.56%	4.00%	\$1.5M	\$10M	4	Yes
Oakland	1%	2.5%	\$300K	\$5M	4	No
Emeryville	1.2%	2.5%	\$1M	2M	3	No
San Mateo	0.5%	1.5%	None	\$10m	2	No
Santa Monica	0.60%	5.60%	None	\$8M	3	No
Berkeley, CA	1.50%	2.50%	\$1.6M	NA	2	No
New York State	1%	1%	\$1M	NA	1	No
New York City	1%	3.90%	\$1M	\$25M	7	No
New Jersey	1%	1%	\$1M	NA	1	No
Nantucket, MA	2%	2%	None	NA	1	No
Washington, DC	1.10%	1.45%	None	\$400K	2	No

Source: Manville, M., & Smith, M. (2025). The Unintended Consequences of Measure ULA. UCLA: The Ralph and Goldy Lewis Center for Regional Policy Studies. Updated by Beacon Economics.

Part V. Analysis of Market Effects Following Measure ULA Implementation

Effects of Measure ULA on High-Value Transaction Activity

To evaluate how Measure ULA affected transaction activity at the upper end of the real estate market, we examine the share of property transactions occurring above the policy’s applicable value thresholds within each jurisdiction.¹³ These shares are indexed to 2018 levels to facilitate comparison of trends before and after implementation while abstracting from differences in baseline market size across jurisdictions.

Prior to implementation of Measure ULA, the City of Los Angeles and the remainder of Los Angeles County generally exhibited similar trends in the share of high-value and ultra-high-value property transactions. Beginning in 2023 and accelerating thereafter, however, the City of Los Angeles experienced a substantial decline in the indexed share of transactions above both thresholds. The decline was especially pronounced among transactions above the higher threshold.

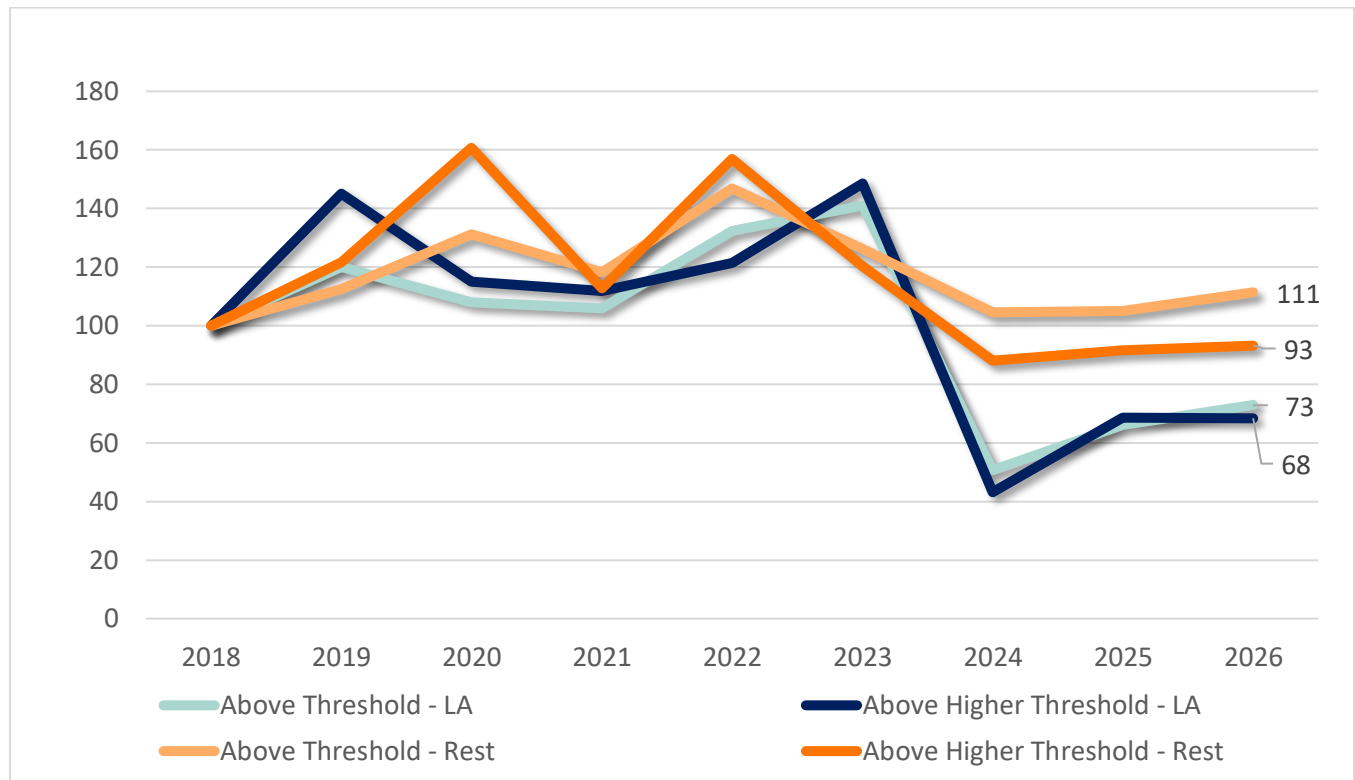
Importantly, similar declines were not observed in comparison jurisdictions such as Orange County and San Diego County. In both counties, the indexed share of high-value transactions remained comparatively stable or continued to increase over the same period, particularly among ultra-high-value transactions. The remainder of Los Angeles County also experienced far more moderate declines than the City of Los Angeles itself.

These comparative patterns suggest that broader Southern California demand for higher-value real estate remained relatively resilient during the study period, even as the composition of transactions within the City of Los Angeles shifted materially following implementation of Measure ULA. While broader market conditions, including elevated interest rates and slowing transaction activity nationally, likely contributed to some moderation in luxury sales

¹³ For years prior to implementation, thresholds are adjusted into real terms to maintain consistency with the purchasing power of Measure ULA’s original thresholds of \$5 million and \$10 million. Following implementation, the analysis evaluates transactions relative to the applicable annual ULA thresholds, which increase over time based on inflation adjustments. Accordingly, the analysis uses the original \$5 million and \$10 million thresholds during FY 2023–24, the adjusted thresholds of approximately \$5.15 million and \$10.3 million during FY 2024–25, and approximately \$5.3 million and \$10.6 million during FY 2025–26.

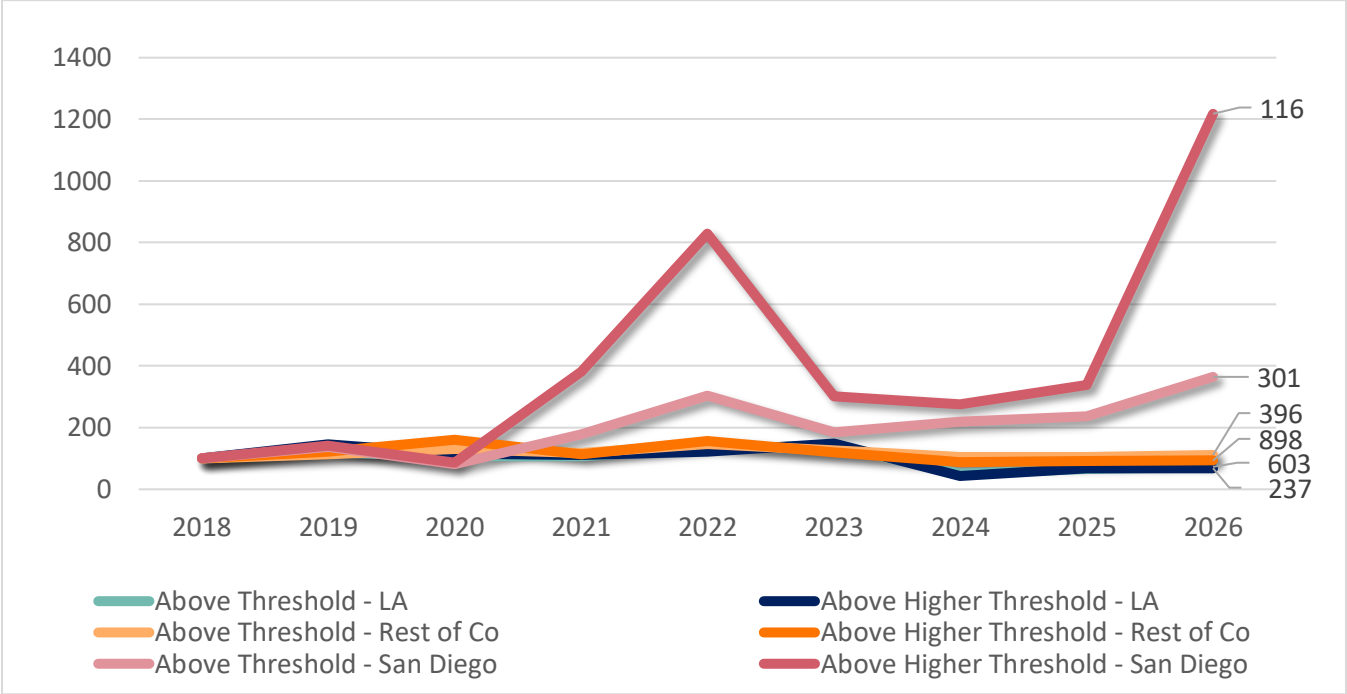
activity across regions, the magnitude and timing of the decline within the City of Los Angeles appear distinct from surrounding comparison areas.

Figure 4. Indexed Share of Properties Sold Above Threshold, City of Los Angeles vs Rest of Los Angeles County



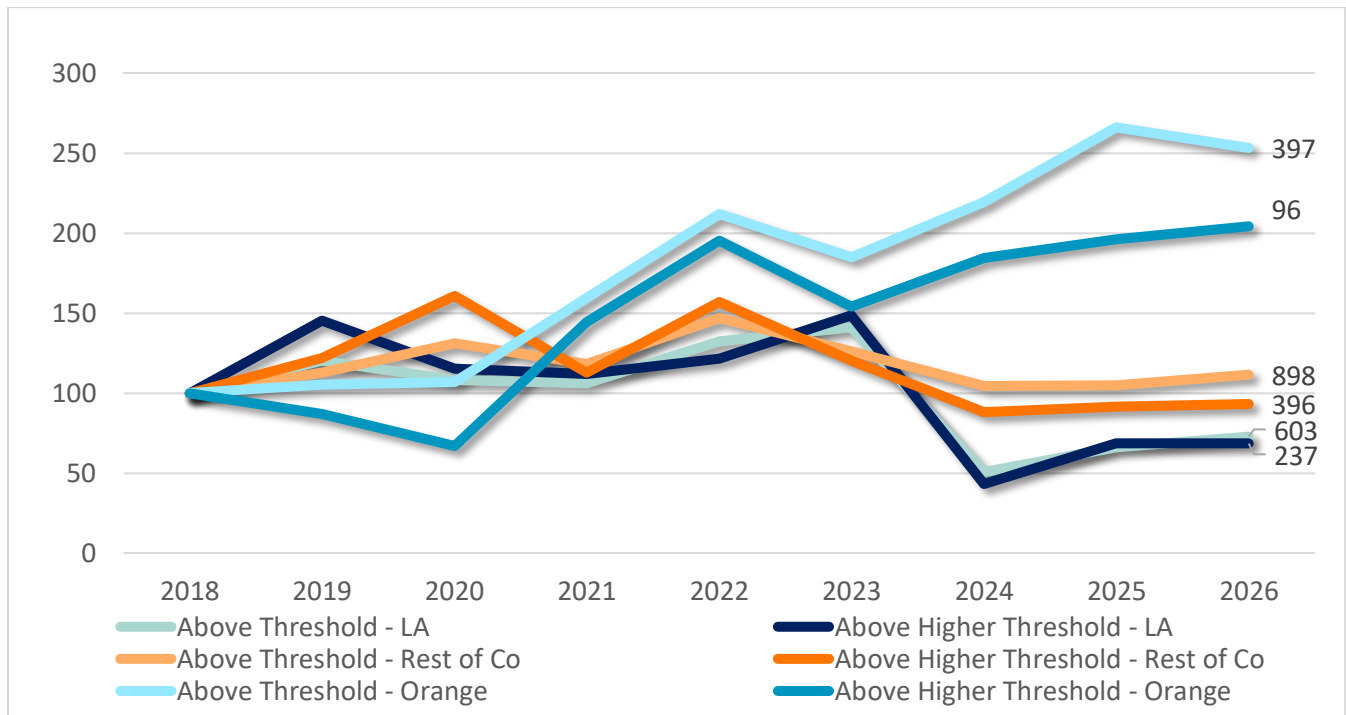
Source: Chicago Title Company. Analysis by Beacon Economics.

Figure 5. Indexed Share of Properties Sold Above Threshold, City of Los Angeles vs Rest of Los Angeles County and San Diego County



Source: Chicago Title Company. Analysis by Beacon Economics.

Figure 6. Indexed Share of Properties Sold Above Threshold, City of Los Angeles vs Rest of Los Angeles County and Orange County



Source: Chicago Title Company. Analysis by Beacon Economics.

Evidence of Threshold Effects and Transaction Clustering

Prior to implementation of Measure ULA, the distributions of both single-family and commercial/multifamily transaction values within the City of Los Angeles closely resembled those observed in the remainder of Los Angeles County.

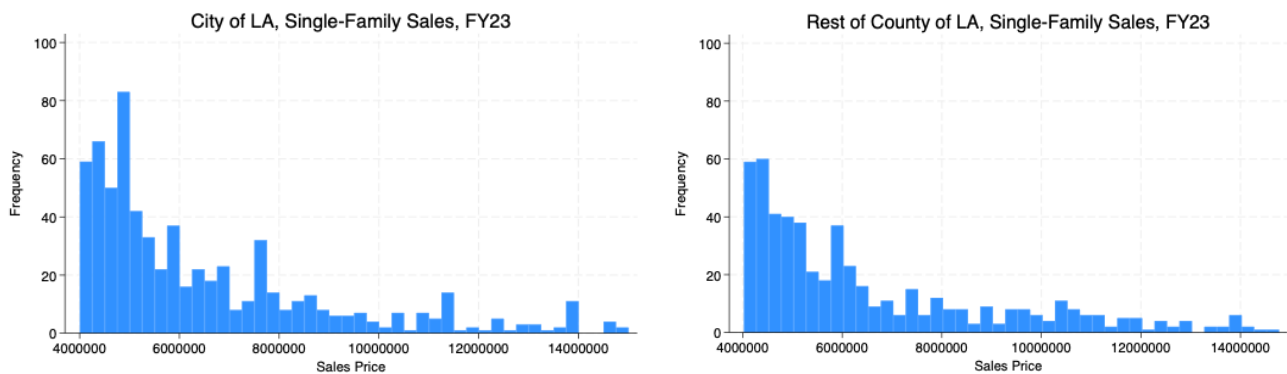
- In FY 2023, transactions above approximately \$4 million followed broadly similar patterns across both geographies, with no clear evidence of unusual clustering near the future ULA thresholds.

Following implementation of Measure ULA, however, the distributions began to diverge noticeably.

- In FY 2024, transaction activity within the City of Los Angeles became increasingly concentrated just below the applicable ULA threshold, particularly near the \$5 million cutoff. Both the single-family and commercial/multifamily distributions show visible clustering below the threshold alongside fewer transactions above it. Similar patterns are not observed in the remainder of Los Angeles County, where transaction values continue to exhibit a more gradual and continuous distribution.

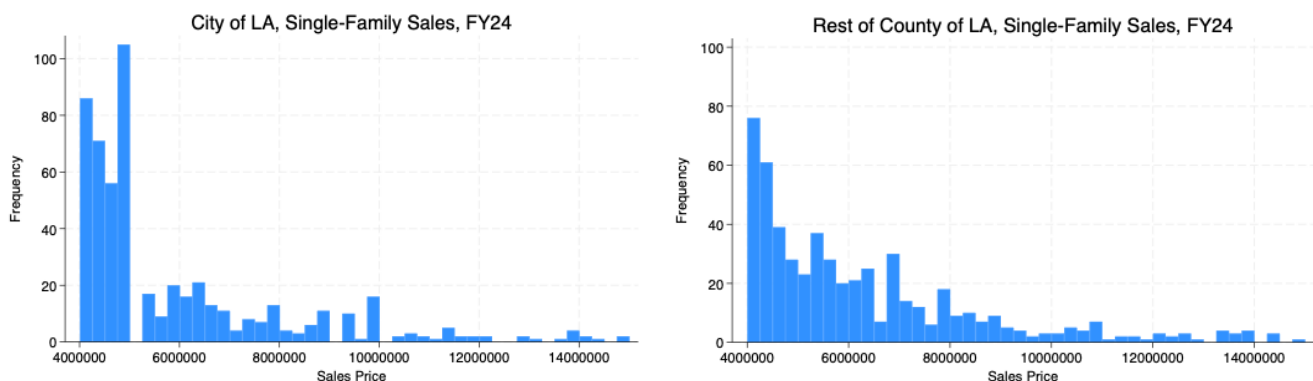
These patterns are consistent with what economists often refer to as “notching” behavior, where large jumps in tax liability at specific thresholds create incentives to keep transaction values below the cutoff. Under Measure ULA, crossing the threshold triggers a substantial increase in transfer tax liability applied to the full transaction value rather than only the portion above the threshold. As a result, relatively small changes in negotiated sale price can produce very large differences in total taxes owed. The fact that similar clustering appears across both residential and commercial/multifamily property types suggests the response was broad-based rather than limited to a single segment of the market.

Figure 7a-b. Frequency Distribution of Single-Family Property Sales Above \$4M, FY 2023



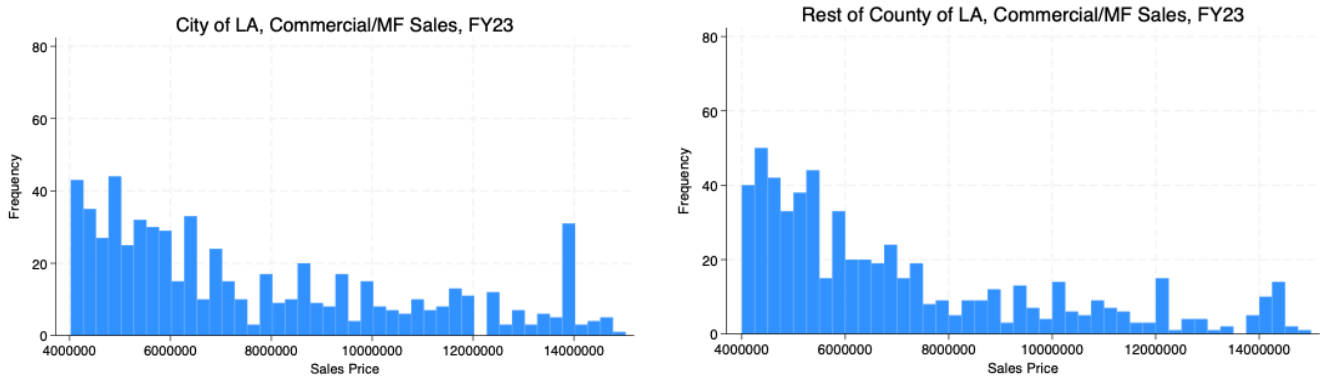
Source: Chicago Title Company. Analysis by Beacon Economics.

Figure 8a-b. Frequency Distribution of Single-Family Property Sales Above \$4M, FY 2024



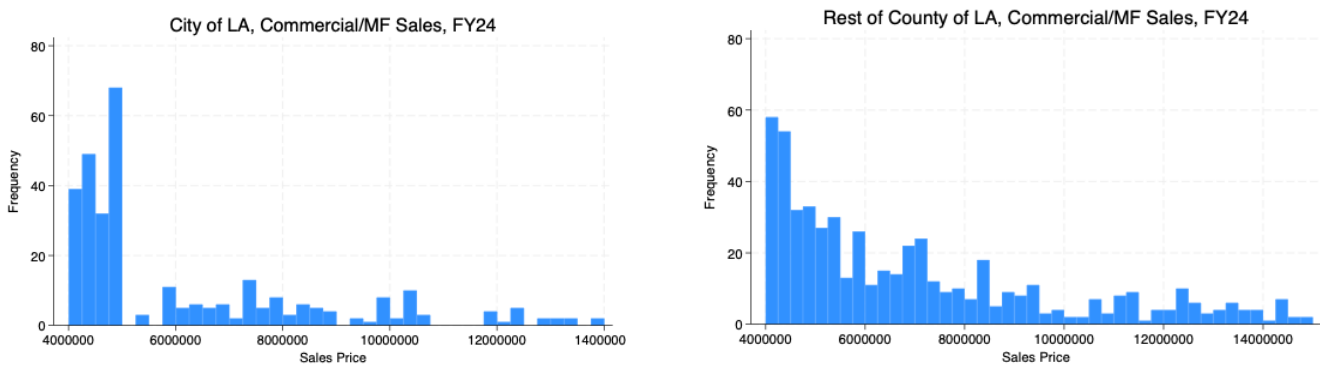
Source: Chicago Title Company. Analysis by Beacon Economics.

Figure 9a-b. Frequency Distribution of Commercial Property Sales Above \$4M, FY 2023



Source: Chicago Title Company. Analysis by Beacon Economics.

Figure 10a-b. Frequency Distribution of Commercial Property Sales Above \$4M, FY 2024



Source: Chicago Title Company. Analysis by Beacon Economics.

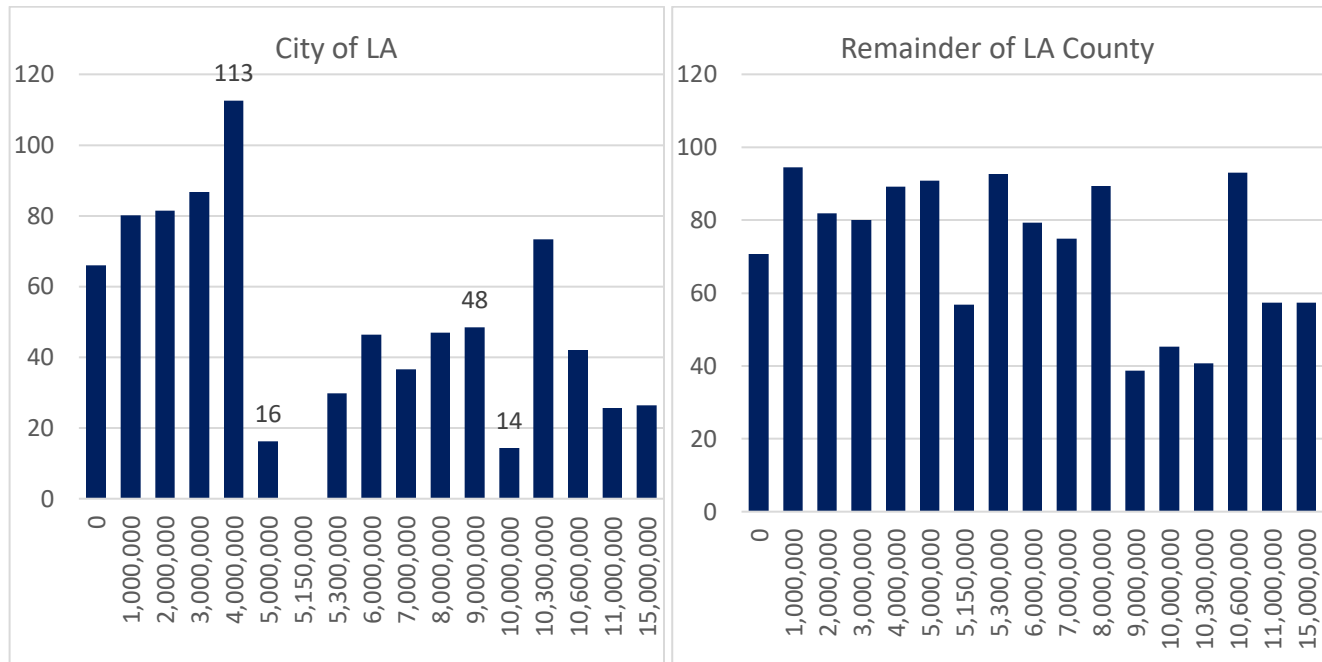
To further evaluate behavioral responses associated with Measure ULA, transaction activity was analyzed across detailed property value buckets for both the City of Los Angeles and the remainder of Los Angeles County.

For each geography, annual transaction counts within each price bucket were indexed relative to pre-ULA baseline activity levels, defined as the average number of transactions observed during fiscal years 2021 through 2023 (where 100 represents the pre-ULA average level of activity for that bucket).

This normalization approach allows for comparison of how transaction activity evolved across price ranges within each geography following implementation of Measure ULA, while accounting for substantial differences in overall market size and baseline transaction volume across the two geographies.

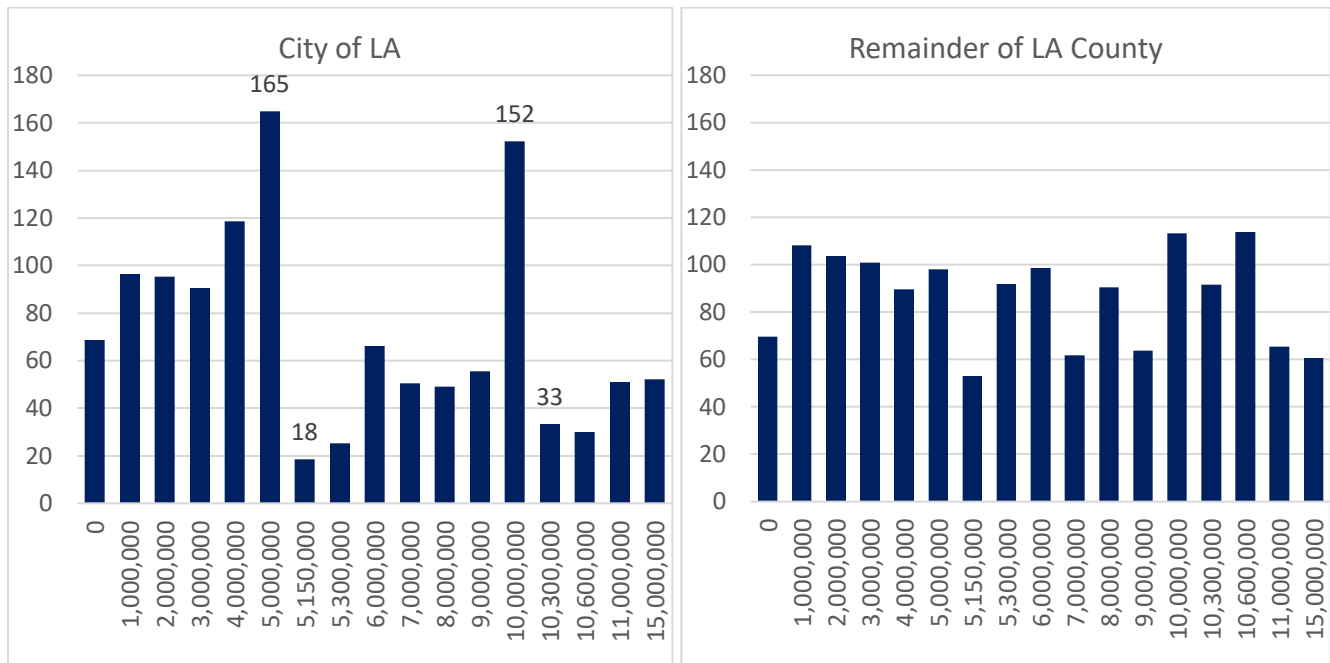
The indexed results show clear discontinuities in transaction activity right above the applicable Measure ULA tax thresholds within the City of Los Angeles. It is important to note, as the CPI-adjusted thresholds increased over time, the location of the transaction decline shifted upward accordingly.

Figure 11a-b. 2024 Property Sales, Indexed to Pre-ULA Sales (100 = FY21-FY23 Average)



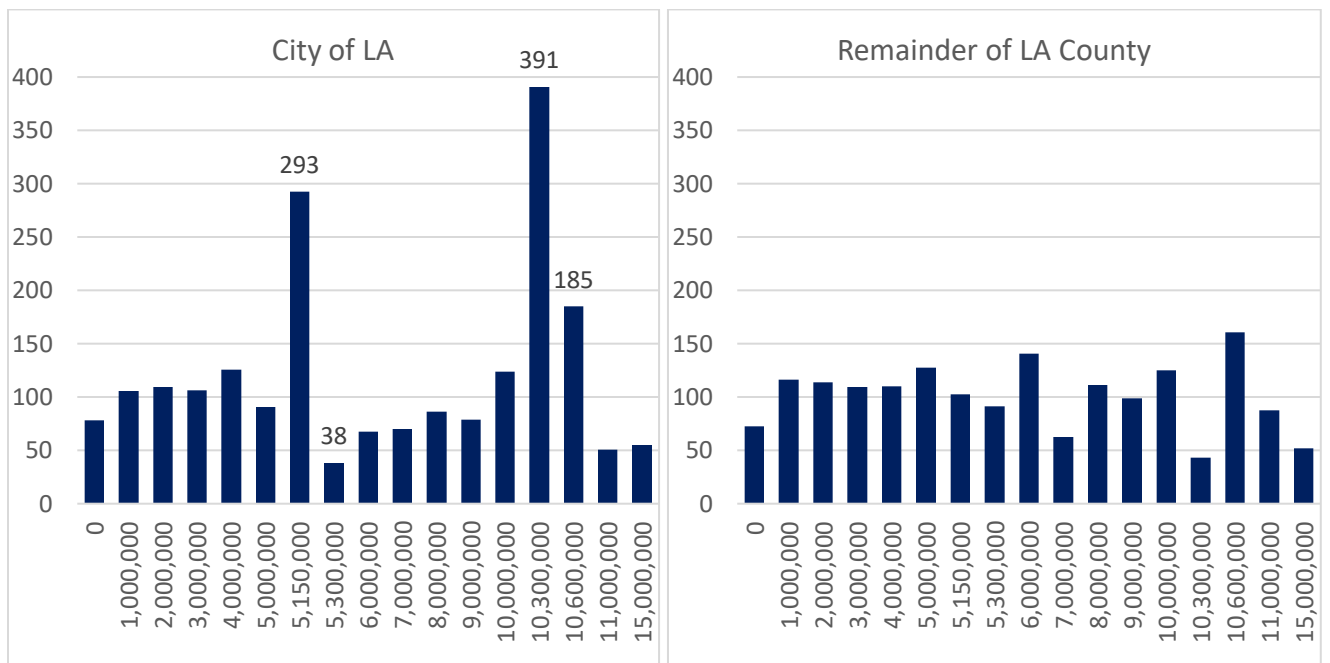
Source: Chicago Title Company. Analysis by Beacon Economics.

Figure 12a-b. 2025 Property Sales, Indexed to Pre-ULA Sales (100 = FY21-FY23 Average)



Source: Chicago Title Company. Analysis by Beacon Economics.

Figure 13a-b. 2026 Property Sales, Indexed to Pre-ULA Sales (100 = FY21-FY23 Average)



Source: Chicago Title Company. Analysis by Beacon Economics.

Multifamily Building Permit Trends

Multifamily permitting activity in the City of Los Angeles also slowed notably following implementation of Measure ULA.¹⁴ Permit data from the City’s permit portal show sizable declines in both the number of multifamily projects permitted and the number of units approved after 2023, particularly among mid- and large-scale developments.

Comparing the average from 2021–2023 to the average from 2024–2026, the total number of multifamily building permits fell approximately 38%, while total permitted multifamily units declined approximately 28%. The declines were especially pronounced among larger projects. Permits for 8–19 unit projects fell roughly 59%, while permits for 20–49 unit and 50–199 unit projects declined roughly 43% and 28%, respectively. Projects with more than 200 units declined approximately 32%.

The slowdown appears even sharper when comparing the immediate pre-ULA years (2022–2023 average) to the post-ULA period (2024–2025 average). Under that comparison, total multifamily building permits fell roughly 52%, while total permitted units declined roughly 43%.

The same pattern appears when looking only at new multifamily construction permits. Comparing the 2022–2023 average to the 2024–2025 average, new multifamily building permits fell roughly 52%, while units associated with new construction declined approximately 45%. Meanwhile, permit activity classified as “other permits” (which includes alterations, additions, conversions, and adaptive reuse projects) showed more mixed trends and increased in some categories. While broader macroeconomic conditions and financing costs likely contributed to the slowdown in development activity during this period, the divergence between new construction permits and other multifamily permit activity suggests that the decline was concentrated more heavily in traditional ground-up multifamily development. This pattern is broadly consistent with the hypothesis that higher transaction and development costs may discourage large-scale new investment activity at the margin and, in doing so, function as a form of economic downzoning by reducing the amount of housing that is financially feasible to build.

¹⁴ These permit trends should be interpreted cautiously. Comparable permit datasets were explored for several California cities, including San Diego, Long Beach, and Anaheim, but the available data were either incomplete, inconsistently categorized, or not accessible in a form suitable for reliable comparison over time. As a result, the analysis presented here is descriptive rather than a formal causal comparison across cities. A more rigorous econometric analysis is conducted by Pan (2025), which uses a boundary-based difference-in-differences framework comparing Los Angeles permit activity to bordering ZIP codes outside the City and finds statistically significant declines in post-ULA housing permit activity within Los Angeles relative to surrounding areas, including declines in multifamily and ADU permitting activity.

Table 10. All Multifamily Permit Activity, City of Los Angeles

Project Type	2022–23 Avg. Permits	2024–25 Avg. Permits	% Change	2022–23 Avg. Units	2024–25 Avg. Units	% Change
4–7 Units	1	1	-50%	6	4	-42%
8–19 Units	25	11	-56%	374	156	-58%
20–49 Units	54	26	-53%	1,751	895	-49%
50–199 Units	67	32	-52%	5,796	2,790	-52%
200+ Units	11	7	-38%	3,110	2,497	-20%
Total	158	76	-52%	11,035	6,340	-43%

Source: City of Los Angeles. Analysis by Beacon Economics.

Table 11. New Multifamily Construction Permit Activity Only, City of Los Angeles

Project Type	2022–23 Avg. Permits	2024–25 Avg. Permits	% Change	2022–23 Avg. Units	2024–25 Avg. Units	% Change
4–7 Units	1	1	-50%	6	4	-42%
8–19 Units	24	11	-53%	357	156	-56%
20–49 Units	54	25	-53%	1,729	878	-49%
50–199 Units	64	31	-51%	5,466	2,689	-51%
200+ Units	10	6	-45%	2,982	2,093	-30%
Total	152	73	-52%	10,540	5,818	-45%

Source: City of Los Angeles. Analysis by Beacon Economics.

Table 12. Alteration, Conversion, and Adaptive Reuse Multifamily Permit Activity, City of Los Angeles

Project Type	2022–2023 Avg. Permits	2024–2025 Avg. Permits	% Change	2022–2023 Avg. Units	2024–2025 Avg. Units	% Change
4–7 Units	0	0	—	0	0	—
8–19 Units	2	0	-100%	17	0	-100%
20–49 Units	1	1	0%	22	17	-21%
50–199 Units	4	1	-71%	330	101	-69%
200+ Units	1	4	100%	128	404	217%
Total	6	3	-58%	495	522	5%

Source: City of Los Angeles. Analysis by Beacon Economics.

Regression Analysis: Single-Family Residential Sale Prices

To further evaluate whether Measure ULA may have affected home values within the City of Los Angeles, a hedonic regression framework was estimated using single-family residential sales data from January 2018 through 2026 YTD.¹⁵ The regressions control for key housing characteristics including square footage, number of bedrooms, property age, and the presence of a pool, while also accounting for broader post-period housing market trends. Alternative specifications excluding square footage were also estimated to test the robustness of the results. Separate regressions were run both for all single-family home sales and for the subset of transactions above the (real value of the initial) \$5 million ULA threshold.¹⁶

Table 13. Difference-in-Differences Hedonic Regression Results for Single-Family Residential Sale Prices

Variables	All SFR Sales (Sq. Ft. Included)	All SFR Sales (Sq. Ft. Excluded)	Sales Over \$5M (Sq. Ft. Included)	Sales Over \$5M (Sq. Ft. Excluded)
Los Angeles	0.281*** (0.003)	0.365*** (0.003)	0.108*** (0.023)	0.0924*** (0.023)
Post Period	0.231*** (0.002)	0.251*** (0.003)	-0.0867*** (0.021)	-0.0900*** (0.021)
Los Angeles × Post	-0.0623*** (0.004)	-0.0659*** (0.005)	-0.119*** (0.031)	-0.111*** (0.032)
Age at Sale	0.00478*** (0.0001)	0.00152*** (0.0001)	-0.00251*** (0.0003)	-0.00323*** (0.0003)
Number of Bedrooms	-0.0330*** (0.003)	0.187*** (0.003)	-0.131*** (0.012)	-0.0799*** (0.010)
Square Footage	0.000387*** (0.000005)	—	0.0000434*** (0.000005)	—
Pool	0.175*** (0.004)	0.396*** (0.003)	0.184*** (0.023)	0.236*** (0.021)
Constant	12.595*** (0.008)	12.724*** (0.011)	16.409*** (0.050)	16.408*** (0.048)
Observations	308,975	308,975	5,641	5,641
R-squared	0.435	0.241	0.106	0.084

Note: Robust standard errors in parentheses. Dependent variable is the natural log of sale price. “Post” indicates the post-Measure ULA implementation period. The interaction term (“Los Angeles × Post”) represents the estimated differential post-period effect for Los Angeles relative to comparison jurisdictions.
 *** p < 0.01, ** p < 0.05, * p < 0.10

¹⁵ As a robustness check, the Appendix re-estimates all four hedonic regression specifications after excluding properties located in Pacific Palisades and Altadena. The estimated coefficients and overall conclusions remain materially unchanged.

¹⁶ Transactions are classified using the real (inflation-adjusted) equivalent of the original \$5 million Measure ULA threshold rather than the nominal thresholds in effect in each year.

Across specifications, the results consistently suggest that single-family home sale prices in Los Angeles underperformed comparable homes in surrounding jurisdictions following implementation of Measure ULA. For the full sample of single-family sales, the estimated post-ULA Los Angeles effect implies prices were roughly 6–7% lower relative to surrounding markets than would otherwise have been expected. Among homes selling above \$5 million (the segment directly affected by the tax) the estimated effect is larger, suggesting relative price declines closer to 11–12% following implementation.

Regression Analysis: Residential and Commercial Transactions

To evaluate whether transaction activity evolved differently across the City of Los Angeles and the remainder of Los Angeles County following implementation of Measure ULA, difference-in-differences Poisson regressions were estimated using monthly transaction counts. Individual transaction data were aggregated into monthly transaction totals, and separate models were estimated for high-value transactions (above the real value of \$5 million) and low-value transactions (below the threshold).¹⁷ Because transaction counts are nonnegative count variables, the Poisson specification provides an appropriate framework for modeling expected transaction activity.

The results indicate a large and statistically significant decline in high-value transaction activity within the City of Los Angeles following implementation of Measure ULA relative to the remainder of the county. The Los Angeles × Post interaction coefficient of -0.528 ($p < 0.001$) implies that expected monthly high-value transaction counts were approximately 41 percent lower than the counterfactual benchmark after implementation of the tax. In contrast, the corresponding interaction coefficient for low-value transactions (0.012 , $p = 0.867$) is small and statistically insignificant, indicating no measurable change in low-value transaction activity relative to surrounding jurisdictions.

Taken together, these findings suggest that the effects of Measure ULA were concentrated within the higher-value segment of the market directly subject to the tax, while transaction activity below the applicable threshold remained broadly comparable to surrounding jurisdictions during the post-implementation period.

¹⁷ Additional difference-in-differences Poisson regressions estimated using aggregate monthly residential and commercial transaction counts across all price ranges did not identify statistically significant treatment effects. Because Measure ULA applies only to transactions above the applicable value thresholds, the primary analysis focuses on the high-value market segments directly affected by the policy.

Table 14. Difference-in-Differences Poisson Regression Results for Monthly Residential and Commercial Transaction Counts

Variables	Monthly Transaction Count High Value (Above \$5M)	Monthly Transaction Count Low Value (Below \$5M)
Los Angeles	-0.164 (0.118)	-0.600*** (0.065)
Post Period	-0.475*** (0.095)	0.236 (0.050)
Los Angeles × Post	-0.528*** (0.141)	0.012 (0.072)
Constant	4.999*** (0.083)	8.226*** (0.046)
Observations	126	198
Pseudo R2	0.434	0.175

Note: Robust standard errors are reported in parentheses. The dependent variable is aggregate monthly transaction count. Separate Poisson regressions are estimated for high-value and low-value transactions. "Post" indicates the post-Measure ULA implementation period. The interaction term ("Los Angeles × Post") represents the estimated differential post-period effect for the City of Los Angeles relative to surrounding comparison jurisdictions. *** p < 0.01, ** p < 0.05, * p < 0.10

Regression-Based Counterfactual Analysis

To provide an additional estimate of the potential effect of Measure ULA on transaction activity, a regression-based counterfactual analysis was conducted using the difference-in-differences Poisson regression results presented above.

Because the interaction term represents the estimated differential post-period effect for Los Angeles following implementation of Measure ULA, it can be used to recover the level of transaction activity that would have been expected absent the estimated treatment effect. This provides a model-based counterfactual benchmark against which actual transaction counts can be compared.

For the high-value market, the estimated interaction coefficient of -0.528 implies that expected monthly transaction counts in Los Angeles were approximately 41 percent lower than the model-based counterfactual following implementation of Measure ULA. This corresponds to approximately 1,000 high-value transactions foregone¹⁸ over

¹⁸ "Foregone" refers to the estimated shortfall in transactions within the expected price ranges. This shortfall may reflect a combination of transactions that were repriced below the Measure ULA threshold, shifted elsewhere, delayed, or did not occur.

the 27-month period between January 2024 and March 2026, or roughly 444 fewer high-value transactions per year relative to the model-based counterfactual.

In contrast, the corresponding Poisson regression for low-value transactions did not identify a statistically significant post-ULA effect (interaction coefficient = 0.012, $p = 0.867$). Accordingly, a regression-based counterfactual is presented only for the high-value market, where the estimated treatment effect is statistically distinguishable from zero.

Table 15. Regression-Based Predicted Monthly Transaction Counts from Poisson Difference-in-Differences Models

Measure	High-Value Transactions
City of Los Angeles – Post-ULA (Observed)	53.5
City of Los Angeles – Post-ULA (Counterfactual)	90.7
Monthly Difference	-37.2
Cumulative Difference (27 Months)	-1,004

Note: Values represent model-predicted average monthly transaction counts from the Poisson difference-in-differences regression presented in Table 14. Counterfactual predictions are obtained by removing the estimated Los Angeles $\times$ Post treatment effect from the fitted model. The cumulative difference represents the estimated reduction over the 27-month post-Measure ULA period (January 2024–March 2026).

Growth-Based Counterfactual Analysis

As a complementary counterfactual approach, the analysis also uses the remainder of Los Angeles County as a benchmark for expected post-ULA transaction growth. Average annual transaction counts during the pre-ULA period (FY2021–FY2023) were first calculated separately for the City of Los Angeles and the remainder of Los Angeles County for the high-value market segment. The post-ULA growth rates observed in the remainder of the County were then applied to the City of Los Angeles pre-ULA baseline to estimate the level of transaction activity that would have been expected if the City had experienced the same post-period growth as surrounding jurisdictions.

The difference between estimated counterfactual transaction counts and actual observed transaction counts represents the deviation from this benchmark. Because some transactions may have been repriced, delayed, or shifted across market segments rather than eliminated entirely, these estimates should not be interpreted as a direct measure of permanently foregone transactions.

- **Fiscal Year 2024:** High-value transaction activity in the City of Los Angeles grew 32% relative to the pre-ULA period, compared with 67% in the remainder of Los Angeles County. Applying the county's growth rate to the City's pre-ULA baseline yields an estimated shortfall of approximately 485 high-value transactions.
- **Fiscal Year 2025:** High-value transaction activity in the City grew 50%, compared with 72% in the remainder of the County, implying an estimated shortfall of approximately 294 transactions.
- **Fiscal Year 2026:** High-value transaction activity in the City grew 66%, compared with 81% in the remainder of the County, implying an estimated shortfall of approximately 191 transactions.
- **Overall (FY2024–FY2026):** Across the three post-ULA fiscal years, the City of Los Angeles recorded approximately 970 fewer high-value transactions than would have been expected had it experienced the same post-ULA growth as the remainder of Los Angeles County.

Table 16a. Actual and Counterfactual High-Value Transactions FY 2024, City of Los Angeles

	Fiscal Year 2024 High-Value Transactions, City of Los Angeles			
Price (Lower Bound)	Actual	Expected	Difference	Value Difference
\$ 5,000,000	13	53	-40	\$ (204,093,225)
\$ 5,150,000	0	29	-29	\$ (150,610,708)
\$ 5,300,000	52	116	-64	\$ (361,403,696)
\$ 6,000,000	89	128	-39	\$ (251,660,455)
\$ 7,000,000	55	100	-45	\$ (337,504,738)
\$ 8,000,000	45	64	-19	\$ (160,297,220)
\$ 9,000,000	42	58	-16	\$ (148,675,300)
\$ 10,000,000	3	14	-11	\$ (111,335,818)
\$ 10,300,000	11	10	1	\$ 10,681,049
\$ 10,600,000	7	11	-4	\$ (44,134,681)
\$ 11,000,000	44	114	-70	\$ (915,370,815)
\$ 15,000,000	99	249	-150	\$ (3,739,008,212)
Total	460	945	-485	\$ (6,413,413,819)

Source: Chicago Title Company. Analysis by Beacon Economics.

Table 16b. Actual and Counterfactual High-Value Transactions FY 2025, City of Los Angeles

	Fiscal Year 2025 High-Value Transactions, City of Los Angeles			
Price (Lower Bound)	Actual	Expected	Difference	Value Difference
\$ 5,150,000	8	31	-23	\$ (121,830,096)
\$ 5,300,000	44	126	-82	\$ (463,242,108)
\$ 6,000,000	127	139	-12	\$ (76,422,825)
\$ 7,000,000	76	109	-33	\$ (244,838,129)
\$ 8,000,000	47	69	-22	\$ (190,218,770)
\$ 9,000,000	48	63	-15	\$ (139,018,531)
\$ 10,000,000	32	15	17	\$ 170,757,652
\$ 10,300,000	5	11	-6	\$ (61,032,374)
\$ 10,600,000	5	12	-7	\$ (76,085,023)
\$ 11,000,000	88	124	-36	\$ (471,945,062)
\$ 15,000,000	195	270	-75	\$ (1,876,171,790)
Total	675	969	-294	\$ (3,550,047,057)

Source: Chicago Title Company. Analysis by Beacon Economics.

Table 16c. Actual and Counterfactual High-Value Transactions FY 2026, City of Los Angeles

	Fiscal Year 2026 High-Value Transactions, City of Los Angeles			
Price (Lower Bound)	Actual	Expected	Difference	Value Difference
\$ 5,300,000	67	141	-75	\$ (421,238,048)
\$ 6,000,000	130	156	-26	\$ (167,839,831)
\$ 7,000,000	105	122	-17	\$ (125,816,191)
\$ 8,000,000	83	78	5	\$ 41,127,643
\$ 9,000,000	68	70	-2	\$ (20,368,112)
\$ 10,000,000	26	17	9	\$ 90,415,274
\$ 10,300,000	59	12	46	\$ 485,046,213
\$ 10,600,000	31	14	17	\$ 186,990,867
\$ 11,000,000	87	140	-52	\$ (677,356,935)
\$ 15,000,000	207	303	-97	\$ (2,414,905,540)
Total	862	1053	-191	\$ (3,023,944,659)

Source: Chicago Title Company. Analysis by Beacon Economics.

Table 17. Actual and Counterfactual High-Value Transactions, City of Los Angeles

Measure	2024	2025	2026	Total
High-Value Transactions	\$5M & above	\$5.15M & above	\$5.3M & above	
City of LA (Actual)	460	675	862	
Growth Since Pre-ULA	32%	50%	66%	
Remainder of County (Actual)	1,053	1,105	1,199	
Growth Since Pre-ULA	67%	72%	81%	
City Counterfactual	945	969	1,053	
Diff. (Actual – Counterfactual)	-485	-294	-191	-970

Source: Chicago Title Company. Analysis by Beacon Economics.

The regression-based and growth-based counterfactual approaches produce similar estimates of the reduction in high-value transaction activity (approximately 1,000 and 970 transactions, respectively), lending additional support to the conclusion that Measure ULA was associated with an observable decline in transaction activity within the affected market segment.

Part VI. Fiscal Performance and Revenue Implications of Measure ULA

Fiscal Performance of Measure ULA

Revenue Objectives and Intended Uses

Measure ULA was designed to fund the newly created House LA Fund, with revenues intended to support affordable housing production and homelessness prevention programs throughout the City of Los Angeles. Early public discussions surrounding the measure frequently referenced annual revenue expectations ranging from approximately \$600 million to more than \$1 billion per year. Under the program structure:¹⁹

Approximately 70% of Measure ULA revenues are dedicated to Affordable Housing Programs, including:

- Multifamily Affordable Housing
- Alternative Models for Permanent Affordable Housing (22.5%-25% of ULA revenues)
- Acquisition and Rehabilitation of Affordable Housing
- Homeownership Opportunities (4% of ULA revenues)
- Operating Assistance (0.5%-0.9% of ULA revenues)
- Capacity-Building Programs (1%-5% of ULA revenues)

Approximately 30% of revenues are dedicated to Homelessness Prevention Programs, including:

- Short-Term Emergency Assistance (5% of ULA revenues)
- Income Support for rent-burdened seniors and persons with disabilities (10% of ULA revenues)
- Eviction Defense and Prevention / right-to-counsel services (10% of ULA revenues)
- Tenant Outreach and Education (2% of ULA revenues)
- Protections from Tenant Harassment (3% of ULA revenues)

¹⁹ <https://housing.lacity.gov/wp-content/uploads/2025/04/ULA-Guidelines.pdf>

Allocation and Use of Measure ULA Funds

As shown in Table 18, Measure ULA revenues have been allocated primarily toward affordable housing programs, followed by homelessness prevention efforts and administrative costs. Through FY 2025–26, approximately \$478 million had been allocated toward affordable housing programs, compared to approximately \$205 million for homelessness prevention programs and approximately \$59 million for administration.

The composition of expenditures shifted over time. Earlier allocations were weighted more heavily toward homelessness prevention and tenant stabilization programs, while later fiscal years increasingly emphasized affordable housing production and preservation activities.

Table 18. Allocation of Measure ULA Funds by Program Category and Fiscal Year

Fiscal Year	Administration	Affordable Housing Programs	Homelessness Prevention Programs	Total
23-24	\$ 12,000,000.00	\$ 56,860,306.00	\$ 81,139,694.00	\$ 150,000,000.00
24-25	\$ 13,434,361.12	\$ 133,261,543.40	\$ 21,233,609.52	\$ 167,929,514.04
25-26	\$ 33,987,775.29	\$ 288,226,348.72	\$ 102,633,067.10	\$ 424,847,191.11
Total	\$ 59,422,136.41	\$ 478,348,198.12	\$ 205,006,370.62	\$ 742,776,705.15

Source: City of Los Angeles Housing Department (LAHD), Measure ULA Expenditure Plan. Analysis by Beacon Economics.

Despite generating substantial revenues shortly after implementation, large-scale deployment of Measure ULA revenues toward housing production did not begin to emerge until early 2026, when Mayor Karen Bass announced a roughly \$361 million affordable housing funding package supported by ULA revenues. The package represents the first major construction-oriented disbursement under the program and includes proposed funding for approximately 4,062 housing units across 80 projects, including both newly constructed and preserved affordable housing units.

Table 19. Measure ULA Revenue Deployment

Date	Action	Amount
Launched: September 2025 Approved: May 1, 2026	Homes for LA NOFA opens for applications — first major housing construction disbursement Proposal for 4,062 units across 80 projects, including 1,528 newly constructed units and 2,534 units preserved or stabilized has been approved by Council and Mayor²⁰ Council District 14, represented by Committee Chair Ysabel Jurado, is slated to receive the bulk of the investment, with 1,700 units planned across 25 projects.²¹	\$360,970,054

Source: Fox11 (April 18, 2026); LAHD. Analysis by Beacon Economics.

Budgeted Versus Actual Revenues and Expenditures

Actual collections have fallen materially below many early projections. As shown in Table 20, Measure ULA generated approximately \$297 million in FY 2023–24, \$413 million in FY 2024–25, and an estimated \$417 million in FY 2025–26. Cumulatively, the measure generated approximately \$1.185 billion between FY 2022–23 and FY 2025–26, compared to projected cumulative revenues of roughly \$2.4 billion to \$4.4 billion over the same period.

As shown in Table 21, proposed revenues and expenditures also frequently differed substantially from realized outcomes during the program’s early years. In FY 2023–24, for example, the City proposed approximately \$672 million in Measure ULA revenues and expenditures, while actual revenues totaled approximately \$321 million and actual expenditures totaled only approximately \$39 million.

Similar gaps persisted in FY 2024–25, during which revenues continued to accumulate more rapidly than expenditures. As a result, Measure ULA accumulated substantial fund balances during its initial years of operation.

The fiscal experience of Measure ULA highlights the volatility inherent in transfer tax-based revenue systems. Because collections depend heavily on high-value transaction activity and market conditions, realized revenues may

²⁰ Los Angeles Housing Department (LAHD). (n.d.). Homes for LA NOFA. City of Los Angeles. (<https://housing.lacity.gov/ula/homes-for-la-nofa>)

²¹ <https://www.foxla.com/news/la-city-council-measure-ula-funding-affordable-housing>

differ substantially from early projections. In addition, legal and administrative constraints may delay the pace at which revenues are ultimately deployed toward intended policy objectives.

Table 20. Measure ULA Collections: Projected vs. Actual

Fiscal Year	Transactions	Projected (Annual)	Actual Collected	Gap Between Projected and Annual (Range)
FY 2022–23	29 ²²	\$600M – \$1.1B	\$15.6M	\$584.4M–\$1.08B
FY 2023–24	458	\$600M – \$1.1B	\$297.4M	\$302.6M–\$802.6M
FY 2024–25	598	\$600M – \$1.1B	\$413.2M	\$186.8M–\$686.8M
FY 2025–26 ²³	548	\$600M – \$1.1B	\$417.2M	\$182.8M–\$682.8M
Cumulative	1,633	\$2.4B – \$4.4B	\$1.185B	\$1.2B–\$3.2B

Source: City of Los Angeles Housing Department, ULA revenue dashboard. Analysis by Beacon Economics.

Table 21. Measure ULA Revenues, Expenditures, and Balances: Proposed vs. Actual²⁴

	Proposed Revenue	Actual Revenue	Proposed Tax Revenue	Actual Tax Revenue	Proposed Expenditures	Actual Expenditures	Proposed Ending Balance	Actual Ending Balance
FY 23	-	\$15,576,372	-	\$0	--	-	\$0	\$15,576,372
FY 24	\$671,790,000	\$321,317,881	\$604,611,000	\$300,032,887	\$671,790,000	\$39,305,607	\$0	\$282,012,274
FY 25	\$407,869,760	\$713,826,336	\$264,211,000	\$418,583,250	\$407,869,760	\$38,443,867	\$0	\$675,382,469
FY 26	\$913,933,000	TBD	\$438,160,000	TBD	\$913,933,000	TBD	\$0	TBD
FY 27	\$1,031,323,564	TBD	\$505,000,000	TBD	\$1,031,323,564	TBD	\$0	TBD
Total	\$3,024,916,324	\$1,050,720,589	\$1,811,982,000	\$718,616,137	\$3,024,916,324	\$77,749,474	\$0	\$972,971,115

Source: City of Los Angeles, City Administrative Officer, *Proposed Budget Documents* (FY 2022–23 through FY 2026–27); compiled and analyzed by Beacon Economics.

²² FY 2022–23 transaction volume is not directly comparable to subsequent years, as the ULA tax went into effect late in the fiscal year (April 2023). With the fiscal year ending June 30, this reflects only approximately three months of activity rather than a full-year baseline.

²³ FY 26 YTD

²⁴ Differences between Tables 20 and 21 reflect distinctions between annual transfer tax collections and broader fund accounting measures reported in City budget documents, which may include carryovers, interest earnings, and prior-year balances.

Counterfactual Analysis: Estimated Fiscal Impacts on Government Revenues

While Measure ULA generated substantial new transfer tax revenues following implementation, the preceding analysis suggests that the measure may also have reduced high-value transaction activity within the City of Los Angeles relative to the counterfactual benchmark. Because real estate transactions generate multiple forms of public revenue—including City and County documentary transfer taxes and reassessment-driven property tax growth under Proposition 13—reduced transaction activity may partially offset a portion of the gross revenues generated by Measure ULA.

Using the growth-based counterfactual estimates developed in the preceding section, this analysis estimates the potential fiscal implications associated with reduced high-value real estate turnover following implementation of Measure ULA. The growth-based counterfactual is used because it provides annual estimates of transaction activity by value range needed to estimate the associated tax revenues.

Several key findings emerge:

- Estimated foregone transaction value totaled approximately \$6.4 billion in FY2024, \$3.6 billion in FY2025, and \$3.0 billion in FY2026, for a cumulative total of approximately \$13.0 billion over the three-year period.
- Estimated City documentary transfer tax²⁵ revenues totaled approximately \$7.1 million in FY2024, \$3.9 million in FY2025, and \$3.3 million in FY2026, for a cumulative total of approximately \$14.3 million. Estimated County documentary transfer tax revenues totaled approximately \$28.9 million in FY2024, \$16.0 million in FY2025, and \$13.6 million in FY2026, for a cumulative total of approximately \$58.4 million.
- Estimated property tax revenue reductions²⁶ were substantially larger. Because reassessed values become part of the future property tax base under Proposition 13, foregone transactions reduce property tax

²⁵ City documentary transfer tax revenues are estimated using the City of Los Angeles documentary transfer tax rate of 0.11% of transaction value, while County documentary transfer tax revenues are estimated using the County of Los Angeles documentary transfer tax rate of 0.45% of transaction value. In both cases, estimated revenues are based on the reduction in transaction value implied by the growth-based counterfactual analysis for high-value transactions.

²⁶ A property tax rate of 1.25% was assumed based on information from the Los Angeles County Auditor-Controller. Using Los Angeles County Assessor data, Beacon Economics estimated that properties selling for more than \$5 million experience an average reassessment increase of approximately 109% upon sale. Estimated property tax impacts are therefore based on the estimated reduction in high-value transaction activity relative to the growth-based counterfactual benchmark, together with the average reassessment gains that typically occur when these properties change ownership. Because reassessed values become part of the future property tax base under Proposition 13, reduced reassessment activity affects property tax collections beyond the year in which a transaction would have occurred. For cumulative estimates through FY2026, reassessments associated with FY2024 and FY2025 counterfactual transaction differences were carried forward using the Proposition 13 maximum annual assessment growth factor of 2%, allowing the analysis to capture the continuing property tax effects of reduced reassessment activity over time.

revenues for multiple years. Estimated current-year property tax reductions totaled approximately \$87.4 million in FY2024, \$48.4 million in FY2025, and \$41.2 million in FY2026. Including the cumulative carry-forward effects of foregone reassessments through FY2026 increases these estimates to approximately \$267.4 million, \$97.7 million, and \$41.2 million, respectively, for a cumulative total of approximately \$406.3 million.

- Although the estimated fiscal effects declined over time, the continued presence of revenue gaps in FY2025 and FY2026 suggests that the impacts were not limited to a one-time acceleration of transactions prior to Measure ULA's implementation. Rather, the results are consistent with ongoing reductions in high-value transaction activity and the associated revenues generated by those transactions.

These estimates suggest that the fiscal effects of Measure ULA may extend beyond the revenues generated directly by the tax itself. To the extent that the measure reduced high-value transaction activity, a portion of gross Measure ULA revenues may have been offset by lower City and County documentary transfer tax collections, as well as reduced property tax revenues distributed across local governments through the Proposition 13 property tax system.

An additional consideration is that these effects may represent not only a reduction in overall public revenue generation, but also a redistribution of revenues across governmental functions. Under the traditional property transfer system, real estate transactions generate documentary transfer tax revenues and reassessment-driven property tax revenues that support the City and County of Los Angeles, school districts, community college districts, special districts, and other local government services. By contrast, Measure ULA revenues are dedicated primarily to affordable housing and homelessness-related programs within the City of Los Angeles. To the extent that Measure ULA reduced high-value transaction activity, the resulting decline in traditional transfer tax and property tax revenues may therefore shift public resources away from these broader governmental functions and toward the specific policy objectives funded by Measure ULA.

Table 22. Select Forgone Fiscal Revenues in FY2024, City of Los Angeles

Measure	FY2024	FY2025	FY2026	Total
Foregone Transaction Value	\$6.41 B	\$3.55 B	\$3.02 B	\$12.99 B
City Documentary Transfer Tax	\$7.05 M	\$3.91 M	\$3.33 M	\$14.29 M
County Documentary Transfer Tax	\$28.86 M	\$15.98 M	\$13.61 M	\$58.44 M
Property Tax (Current Year)	\$87.38 M	\$48.37 M	\$41.20 M	\$176.95 M
Property Tax Carry-Forward	\$180.04 M	\$49.34 M	—	\$229.38 M
Total Property Tax	\$267.43 M	\$97.71 M	\$41.20 M	\$406.34 M

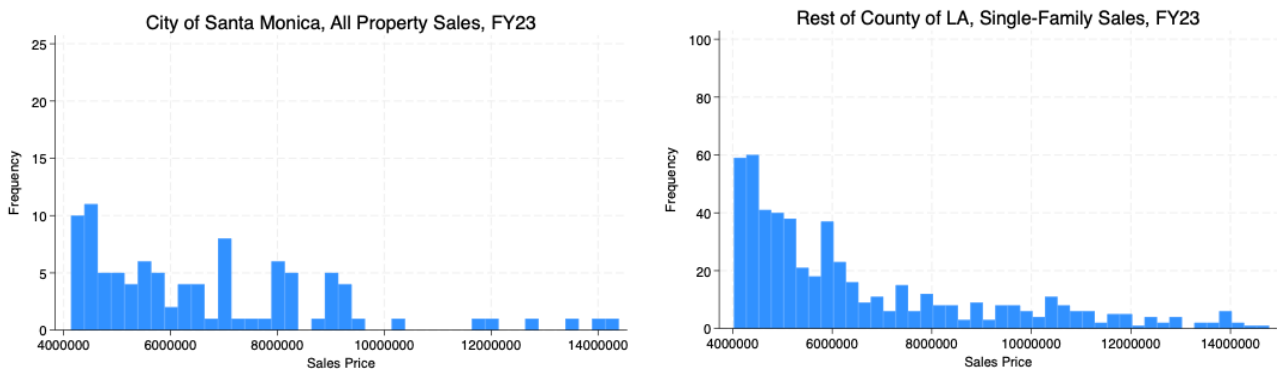
Source: Chicago Title Company; Los Angeles County Assessor; Los Angeles County Auditor-Controller; City of Los Angeles documentary transfer tax schedule. Analysis by Beacon Economics. Analysis by Beacon Economics.

Part VII. Analysis of Market Effects in Culver City and Santa Monica

Market Effects Following Measure GS Implementation

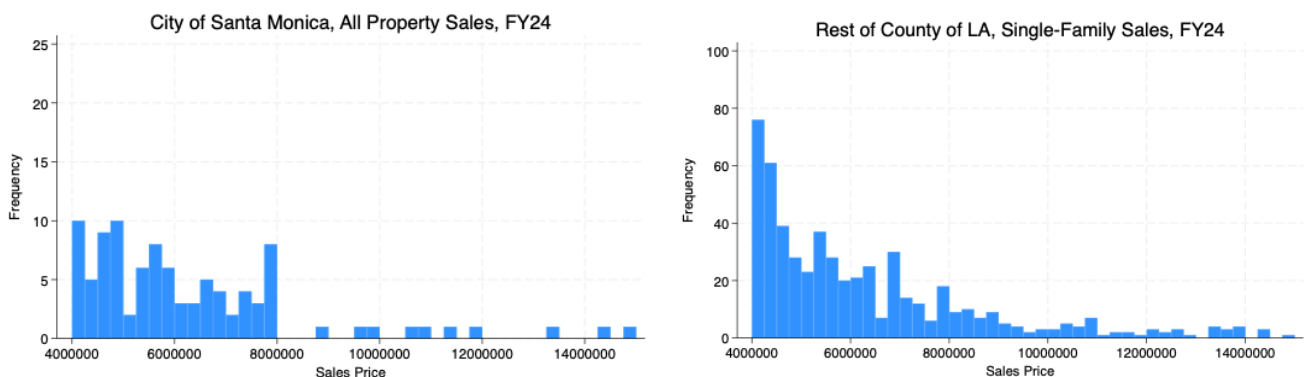
Prior to implementation of Santa Monica’s transfer tax measures, the distribution of higher-value property sales appears relatively continuous, with no obvious clustering around the applicable tax thresholds. In FY23, transaction activity remained relatively dispersed across sales values above \$8 million, without a sharp decline immediately beyond that level.

Figure 14a-b. Frequency Distribution of All Property Sales Above \$4M, FY 2023



Source: Chicago Title Company. Analysis by Beacon Economics.

Figure 15a-b. Frequency Distribution of All Property Sales Above \$4M, FY 2024



Source: Chicago Title Company. Analysis by Beacon Economics.

Following implementation of Measure GS, however, the distribution changes noticeably. In FY24, transaction activity appears increasingly concentrated below the applicable \$8 million threshold, while sales activity above the threshold becomes substantially thinner. This pattern is not similarly observed in the remainder of Los Angeles County, where the distribution of sales values remains comparatively smooth across the same price ranges.

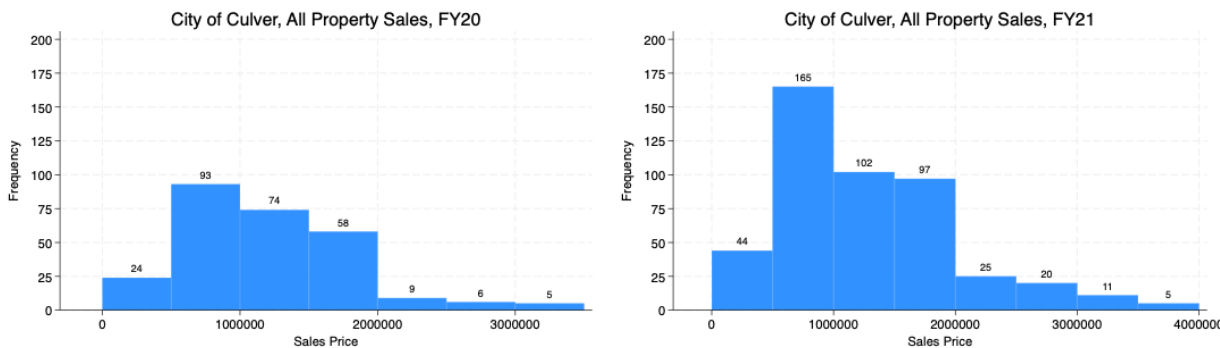
While the smaller number of transactions in Santa Monica makes the pattern less pronounced than in the City of Los Angeles, the observed shift is nonetheless consistent with threshold avoidance behavior, in which buyers and sellers may adjust transaction pricing or structure to avoid triggering substantially higher transfer tax liabilities.

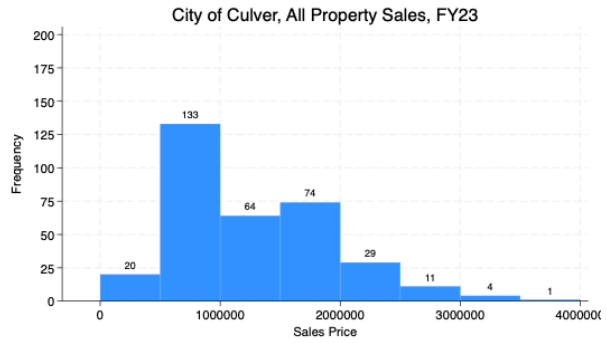
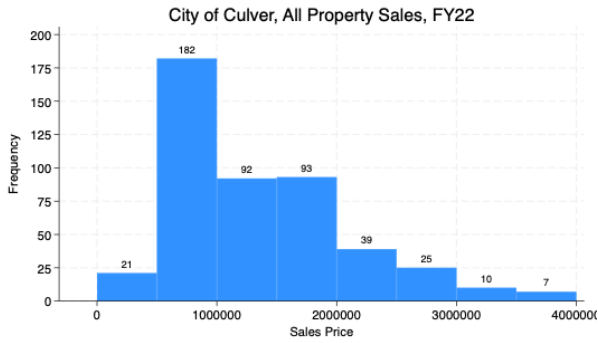
Market Effects Following Measure RE Implementation

Prior to implementation of Measure RE, transaction values in Culver City do not appear to exhibit meaningful clustering around the applicable transfer tax thresholds. Following implementation in April 2021, the data do not show the sharp bunching or discontinuities observed in the City of Los Angeles under Measure ULA. The overall distributions remain relatively dispersed across the applicable price ranges, with limited evidence of persistent threshold avoidance behavior around the \$1.5 million, \$3 million, and \$10 million thresholds.

This is broadly consistent with the structure of Measure RE itself. Unlike Measure ULA, which applies substantially higher tax rates to the full transaction value once a threshold is crossed, Culver City’s Measure RE applies higher rates only to the marginal portion of value above each threshold. As a result, the economic incentive to avoid crossing the thresholds is comparatively weaker.

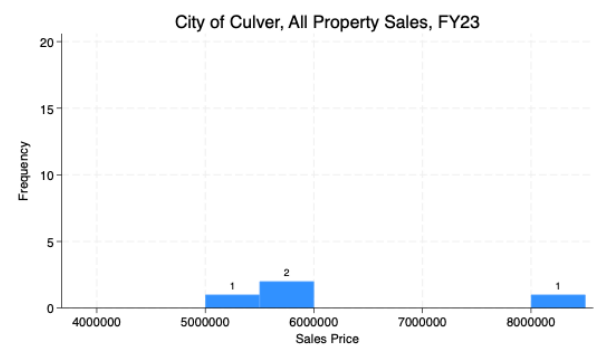
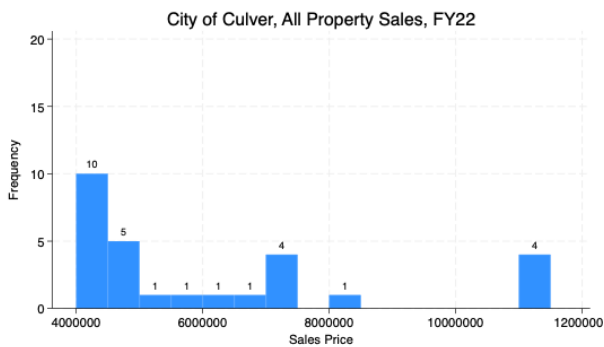
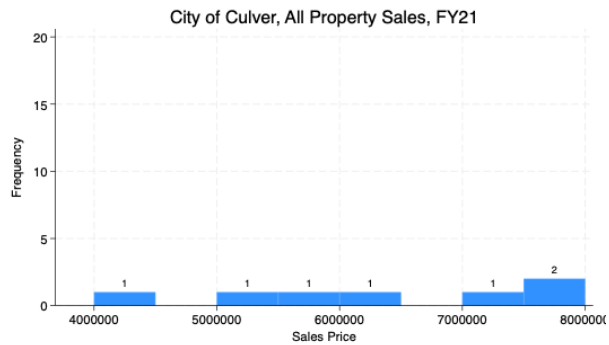
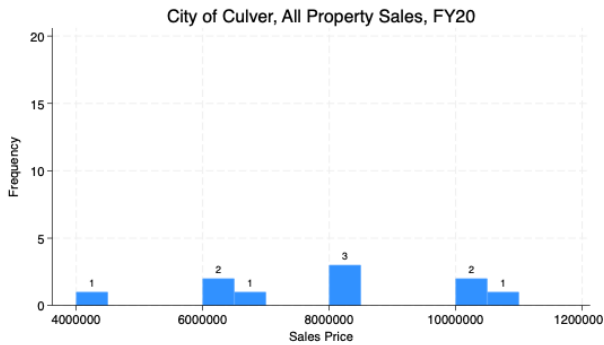
Figure 16a-d. Frequency Distribution of All Property Sales Below \$4M, FY 2020-2022





Source: Chicago Title Company. Analysis by Beacon Economics.

Figure 17a-d. Frequency Distribution of All Property Sales Above \$4M, FY 2020-2022



Source: Chicago Title Company. Analysis by Beacon Economics.

Part VIII. Review of Studies on Mansion Taxes

The emerging literature on Measure ULA can broadly be divided into two categories: (1) studies evaluating the measure’s revenue generation, tenant assistance, and project-level financial feasibility, and (2) studies examining whether the tax has altered real estate transaction activity, development behavior, or housing production within the City of Los Angeles. While the first category largely concludes that ULA has successfully generated revenue for affordable housing programs, the second focuses on whether the tax has imposed broader supply-side costs through reduced transactions, altered development incentives, or lower housing production.

Revenue and Feasibility Studies

Studies supportive of Measure ULA have primarily focused on the measure’s revenue generation, tenant assistance programs, and project-level development feasibility rather than on its potential effects on housing supply or market activity. Bonett et al. document that since implementation in April 2023, Measure ULA has generated more than \$830 million in cumulative revenue, funded rental assistance for over 10,000 households, contributed to approximately 795 affordable housing units, and supported roughly 10,000 construction jobs.²⁷ The study further notes that quarterly taxable transaction volumes and ULA revenues increased between 2023 and 2025 (from 71 to 155), while housing entitlements issued by the Los Angeles City Planning Department rose during the same period (by 52%).

Similarly, BAE Urban Economics concludes that broader macroeconomic conditions — particularly elevated capitalization rates, financing costs, and slowing rent growth — currently pose larger constraints on development feasibility than the ULA tax itself.²⁸ Drawing on a 33-month database of 190 multifamily and 293 commercial transactions alongside project-level pro forma modeling, the report finds that many projects can continue to

²⁷ Bonett, G., Breidenbach, J., Cummings, S., Dreier, P., Freer, R., Ling, J., Sharma, D., Tilly, C., & Wander, M. (2025, September). Major research flaws undermine authors’ bold claims: Unpacking the debate on Measure ULA. Occidental College, Urban & Environmental Policy Institute.

²⁸ BAE Urban Economics. (2026, March 19). Measure ULA study: Financial and market impacts of the ULA tax in Los Angeles (Final report).

achieve target return thresholds even after accounting for the ULA tax. However, demonstrating that a project remains financially feasible is not the same as demonstrating that the tax has no effect on investment behavior. Investors allocate capital across competing projects and jurisdictions on a relative basis, and BAE's own modeling estimates that the full ULA tax can reduce project IRRs by roughly 70 basis points under certain hold scenarios. While modest in absolute terms, even relatively small reductions in expected returns may affect where and how capital is deployed at the margin.

These findings should not be dismissed, as Measure ULA has generated substantial revenue and many projects may remain financially feasible despite the additional transfer tax burden. At the same time, however, these studies largely evaluate program outcomes and absolute project feasibility rather than the broader counterfactual question of how market activity, investment behavior, or housing production may differ relative to a world without the tax.

This distinction is economically important. A project may remain technically feasible in Los Angeles while still becoming relatively less attractive compared to similar investments in jurisdictions that do not impose comparable transfer taxes. Likewise, gross ULA revenues do not by themselves measure the measure's net fiscal effect if the tax simultaneously suppresses transaction activity, property reassessments, development activity, or other revenue-generating economic behavior.

As a result, while the pro-ULA literature provides important evidence regarding revenue generation, it leaves unresolved the central empirical question of whether the tax has altered housing supply incentives and real estate market activity within the City of Los Angeles.

Supply-Side and Market Response Studies

Supply-side and market response studies, by contrast, focus more directly on whether Measure ULA altered development incentives, transaction activity, or housing production within the City of Los Angeles.

Pan (2025) studies the question of the effect on housing supply, using a difference-in-differences framework comparing building permit activity within the City of Los Angeles to bordering Los Angeles County ZIP codes where the tax does not apply.^{29,30} Drawing on approximately two million permit observations spanning 2016 through 2024,

²⁹ Yingru Pan, "Taxing the Top, Building the Bottom? The Impact of Los Angeles' Mansion Tax on Housing Supply and Affordability," UCLA Anderson Working Paper, July 25, 2025, pp. 1–3.

³⁰ Control ZIP codes are grouped into 22 geographic clusters to account for spatial correlation, and event-study estimates show no meaningful pre-treatment divergence between City and control areas prior to implementation of Measure ULA in April 2023.

the study finds a significant decline in housing permit activity within City boundaries following implementation of ULA, while placebo regressions using plumbing and electrical permits show no comparable effects.³¹ The results remain robust after excluding Culver City — which adopted its own transfer tax during the same period — from the control group. Beyond the overall decline in permitting, the study reports particularly sharp reductions in accessory dwelling unit (ADU) permits and multifamily permitting activity, while renovation permits for luxury homes increased substantially, suggesting that some property owners responded by improving existing properties rather than selling or redeveloping them. As the study’s author explains,³²

“Luxury homeowners increasingly opted to remodel rather than sell, reducing turnover and exacerbating supply constraints... Developers reacted by keeping new single-family projects below the \$5 million and \$10 million tax cutoffs or moving them out of the city of Los Angeles. Construction permits in the city for luxury homes fell between 15% and 19%, compared to constructions for mid- and low-priced single-family homes.”

Ward and Phillips (2025) focus more specifically on multifamily development activity.³³ Using transaction and permit data, the study finds substantial declines in multifamily parcel sales within the City of Los Angeles relative to surrounding jurisdictions following April 2023, alongside reductions in the average size of multifamily projects permitted on parcels sold after implementation. The transaction declines are concentrated in the \$5 million-and-above segment directly targeted by Measure ULA, while the shift toward smaller average project sizes is consistent with developers restructuring acquisitions or projects to reduce exposure to the tax. The authors estimate that these effects may correspond to a reduction of roughly 1,910 multifamily housing units annually, though they note that this estimate likely understates total impacts because it does not capture projects that were never initiated or land acquisitions that did not occur.

³¹ Because plumbing and electrical permits capture a broad range of construction activity — including maintenance, renovations, tenant improvements, and components of new development — the absence of comparable declines in those permit categories suggests the observed suppression is more specific to housing production activity rather than a generalized economic slowdown affecting all forms of construction within the City.

³² <https://anderson-review.ucla.edu/las-mansion-tax-intended-to-aid-affordable-housing-may-have-backfired/>

³³ Ward, J., & Phillips, S. (2025). Taxing Tomorrow: Measure ULA's Impact on Multifamily Housing Production and Potential Reforms.

More recently, Ward et al. (2026)³⁴ expanded this line of inquiry through a broader evaluation of Measure ULA's effects on real estate transactions, housing production, rents, and public revenues. Using difference-in-differences and event-study methodologies comparing Los Angeles to the remainder of Los Angeles County, the authors estimate that Measure ULA reduced high-value real estate transactions by approximately 31% and reduced permitting of large multifamily projects by roughly 30% relative to expected levels. The study further finds evidence that reduced transaction activity delayed property reassessments under Proposition 13, contributing to lower property tax revenues than would otherwise have occurred. The study also finds evidence of modest rent increases following ULA-affected multifamily property transactions and estimates that reduced transaction activity and housing production have resulted in substantial foregone revenues to local governments, schools, and other public agencies. Beyond estimating these effects, the authors model a targeted reform scenario that would maintain the tax on high-value single-family residential transactions while reducing its application to certain multifamily and commercial properties.³⁵ They conclude that such a reform could preserve a substantial share of ULA revenues while increasing housing production, employment, and other local revenue streams.

Manville and Smith (2025) examine transaction market responses more directly.³⁶ Using a difference-in-differences framework across more than 300,000 Los Angeles-area property sales, the study estimates that the odds of transactions occurring above the \$5 million threshold fell by roughly 50% post-implementation, with particularly large declines in commercial, industrial, and multifamily properties. The authors further estimate that suppressed transaction activity may have reduced property tax revenues associated with reassessments under Proposition 13.

More recent research also finds evidence of transaction suppression effects, particularly within commercial real estate markets. Nguyen et al. (2026), using a difference-in-differences and event-study framework across Southern California markets, document substantial declines in above-threshold commercial transactions, evidence of threshold bunching behavior, and lower-than-expected ULA revenues relative to counterfactual projections.³⁷

³⁴ Ward, J. M., Liu, L., Selby, E., & Levine, P. R. (2026). The effects of the Measure ULA (United to House LA) transfer tax on economic development and municipal finances in Los Angeles (Research Report No. RRA4928-1). RAND Corporation. **RAND Report**

³⁵ Specifically, the authors model a targeted reform that would exempt newly constructed multifamily and commercial properties from Measure ULA for 15 years, apply lower tax rates to older multifamily and commercial properties, and retain the current tax rates for single-family residential transactions.

³⁶ Manville, M., & Smith, M. (2025). The Unintended Consequences of Measure ULA.

³⁷ Nguyen, H., Nunez, C., & Chung, N. (2026). Los Angeles' Mansion Tax: Evidence from Commercial Real Estate Transactions. Available at SSRN 6608978.

A separate study by Green et al. (2026) further examines the interaction between Measure ULA and California's Proposition 13 reassessment structure.^{38,39} Using a transaction-based difference-in-differences framework combined with a present-value fiscal model, the authors estimate that reduced transaction frequency following ULA may substantially offset transfer tax revenues through lower future property tax reassessments tied to property sales. The study argues that Measure ULA creates a fiscal externality, whereby revenues generated by the new transfer tax are partially offset by reductions in future property tax revenues as fewer property sales delay reassessments under Proposition 13. As study co-author and University of California, Irvine professor Jack Liebersohn explains,⁴⁰

"...regular property-tax revenue depends heavily on sales because Prop. 13 freezes each property's taxable value at the price it last sold for... Discouraging property owners from selling also slows reassessments and, in turn, shrinks future property-tax collections."

The authors argue that because reassessments generally occur only upon sale, lower transaction activity may widen the gap between assessed and market values, reducing long-run property tax growth despite generating additional transfer tax revenues at the time of sale.

At the same time, Bonett and Wander (2026) challenge portions of the Ward and Phillips findings, arguing that declines are more apparent in average project size than in total multifamily units permitted and that broader macroeconomic conditions may explain part of the observed slowdown.⁴¹

While proponents of ULA have questioned aspects of these studies — including the relatively short post-implementation period and the selection of comparison jurisdictions — the broader directional findings are economically intuitive and largely consistent across the emerging literature: taxes that materially increase transaction costs or reduce expected project returns may alter development incentives, suppress transaction activity, and reduce housing production at the margin.

³⁸ Green, D., Jambulapati, V., Liebersohn, J. & Velayudhan, T. (2026). Fiscal Externalities of Transaction Taxes: Evidence from the Los Angeles Mansion Tax. Available at SSRN: <https://ssrn.com/abstract=5273034> or <http://dx.doi.org/10.2139/ssrn.5273034>

³⁹ <https://www.library.hbs.edu/working-knowledge/when-housing-taxes-cool-sales-and-future-tax-growth>

⁴⁰ <https://www.socsci.uci.edu/newsevents/news/2025/2025-06-24-uc-irvine-led-study-finds-mansion-tax-may-cost-california-in-the-long-run>

⁴¹ Bonett, V. and Wander, M. (2026). Reanalysis of Multifamily Housing Permit Activity Shows Limited Evidence that Measure ULA Reduced Multifamily Housing Production in Los Angeles. Occidental College.

Table 23. Summary of Previous Studies on Measure ULA

Study	Methods	Main Findings	Key Limitation/Critique
Bonett et al. (2025)	Revenue tabulation, program outcome tracking, and housing entitlement trend analysis using City of LA administrative data	Reports more than \$830M in cumulative ULA revenue, rental assistance for over 10,000 households, approximately 795 affordable housing units, and roughly 10,000 construction jobs. Taxable transactions increased from 71 in Q2 2023 to 155 in Q2 2025, while City Planning reported a 52% increase in housing entitlements between 2022 and 2024.	Focuses on gross revenue and program outcomes rather than net fiscal or market impacts.
BAE Urban Economics (2026)	Static pro-forma and discounted cash flow modeling using 190 multifamily and 293 commercial ULA transactions	Finds that elevated cap rates, financing costs, and slowing rent growth explain more of current feasibility constraints than ULA itself. Full ULA exemption increases project IRRs by roughly 70 basis points under certain hold scenarios, while some higher-rent projects remain feasible even with the tax.	Evaluates absolute project feasibility rather than relative investment incentives across jurisdictions.
Pan (2025)	Boundary-based difference-in-differences using ~2 million permit observations across LA City and bordering ZIP codes (2016–2024)	Finds a statistically significant decline in housing permit activity within LA City relative to bordering control areas following ULA implementation. Results remain robust after excluding Culver City, and placebo regressions using plumbing and electrical permits show no comparable effects.	Uses permits as a proxy for housing supply rather than completed housing production.
Ward & Phillips (2025)	Difference-in-differences using transaction, entitlement, and permit data for LA City vs. surrounding jurisdictions	Multifamily parcel transactions within LA City declined substantially post-ULA, while average permitted multifamily project size also fell. Authors estimate these effects correspond to roughly 1,910 fewer multifamily housing units annually. Transaction declines were concentrated in the \$5M-and-above segment directly targeted by ULA.	Pre-implementation transaction acceleration may somewhat overstate estimated post-ULA impacts.
Green et al. (2026)	Difference-in-differences framework combined with a present-value fiscal model	Authors estimate that Measure ULA reduced high-value transaction frequencies by roughly 50%, thereby delaying property reassessments tied to sales. Further estimate that the resulting reduction in future property tax collections offsets approximately 30% to more than 100% of ULA-generated revenues depending on calibration assumptions, with a benchmark estimate near 80%. Conclude that ULA's net fiscal effect may be substantially smaller than gross ULA revenues suggest, and potentially negative under certain assumptions.	Results depend on assumptions regarding long-run transaction elasticities, discount rates, and the extent of spillover effects into surrounding jurisdictions.
Nguyen et al. (2026)	Difference-in-differences and event-study analysis using commercial real estate transactions across Los	Monthly transaction volume fell 41% in the \$5–10M tier and 25% in the \$10M+ tier following ULA implementation, while below-threshold activity increased 12%. Finds strong evidence of behavioral responses, including threshold bunching, a spike in	Commercial-only dataset limits external validity.

Angeles and five comparable Southern California markets

March 2023 closings followed by near-zero April activity, and approximately \$133M in foregone revenue relative to a no-ULA counterfactual.

Ward et al. (2026) (RAND)	Difference-in-differences and event-study analyses using real estate transaction data, permitting data, rent data, and fiscal simulation modeling comparing Los Angeles to the remainder of Los Angeles County.	Estimates that Measure ULA reduced high-value real estate transactions by approximately 31%, reduced permitting of large multifamily projects by roughly 30%, increased post-sale apartment rents by 1.4%–1.7%, and generated approximately \$452 million in foregone state and local revenues through 2026. Simulated reforms preserving ULA revenues while reducing impacts on housing production were estimated to increase municipal revenues and housing development over time.	Several fiscal and reform estimates rely on simulation modeling and assumptions regarding long-run transaction behavior, housing production responses, and future development activity.
Manville & Smith (2025)	Difference-in-differences and transaction threshold analysis using 300,000+ LA-area property sales	Odds of transactions above the \$5M ULA threshold fell roughly 50% post-implementation; commercial, industrial, and multifamily transactions declined approximately 30–50%. Estimated direct property tax revenue losses of roughly \$25M annually, with additional indirect effects on developable land transactions and housing production.	Estimated fiscal losses likely represent a lower bound.
Bonett & Wander (2026)	Partial replication and reanalysis of Ward & Phillips using the same transaction-linked permit dataset	Finds no meaningful decline in the number of multifamily units permitted following ULA implementation and reports a slight but statistically insignificant increase in permitted units for projects with 10+ units. Concludes that Ward & Phillips’ findings are driven primarily by declines in average project size rather than total permitted units.	Focuses primarily on permitted unit counts rather than broader transaction activity or land market effects.

Source: Ward & Phillips (2025), Pan (2025), Manville & Smith (2025), BAE Urban Economics (2026), and Bonett et al. (2025), Nguyen, Hana; Nunez, Carlos; and Chung, Norman (2026), Bonett and Wander (2026), Ward et al. (2026). Compiled and summarized by Beacon Economics.

Synthesis of Findings

Taken together, the emerging literature suggests that Measure ULA has both generated substantial revenue for affordable housing programs and altered market behavior within the City of Los Angeles. While studies supportive of the measure emphasize revenue generation and continued project feasibility, supply-side studies increasingly find evidence of reduced transaction activity, changes in development behavior, and declines in housing production following implementation of the tax. Importantly, these findings are not necessarily contradictory. A policy may simultaneously generate public revenue while also reducing market activity or altering investment incentives at the margin. The primary disagreement within the literature therefore concerns the magnitude and long-run implications of these effects rather than whether behavioral responses exist at all.

Part IX. Housing Market Liquidity and the Ripple Effects of Mansion Taxes

A well-functioning housing market depends on liquidity — the ability of buyers and sellers to transact freely as their needs evolve. When an older couple downsizes, they free up a larger home for a growing family. When a renter transitions to ownership, they vacate a unit for another renter. These moves are not isolated events; they form a chain of transactions that keeps the entire market in motion. Research confirms this dynamic: more liquid real estate markets generate materially higher property values, with one study estimating that liquidity can add as much as 16% to a property's value relative to an otherwise comparable, non-tradable asset.⁴²

As reviewed in the preceding literature section, a growing body of empirical research finds that following implementation of Measure ULA, transaction activity in affected price tiers declined substantially. Some studies further estimate that suppressed transaction activity may have reduced associated property tax revenues and contributed to lower multifamily housing production over time. Related research also suggests that these effects extend beyond transaction activity alone. Permit-based analyses find significant declines in housing construction activity within the City of Los Angeles relative to surrounding jurisdictions following implementation of ULA (Pan, 2025).

These findings are consistent with a broader economic literature on transaction taxes and housing market “lock-in” effects. Transaction taxes reduce homeowner mobility by increasing the cost of moving, thereby discouraging households from listing properties and suppressing turnover throughout the housing ladder. When the owner of a high-value home delays or forgoes a sale due to transaction costs, the prospective buyer is likewise unable to transact, preventing that buyer from listing another property at a lower price tier. In this way, reduced mobility at the top of the market can propagate downward across the broader housing system.^{43,44,45}

⁴² Benveniste, L., Capozza, D. R., & Seguin, P. J. (2001). The value of liquidity. *Real estate economics*, 29(4), 633-660.

⁴³ Best, M. C., & Kleven, H. J. (2018). Housing market responses to transaction taxes: Evidence from notches and stimulus in the U.K. *Review of Economic Studies*, 85(1), 157–193.

⁴⁴ Michael C. Best and Henrik J. Kleven, "Housing Market Responses to Transaction Taxes: Evidence from Notches and Stimulus in the U.K.," *Review of Economic Studies*, 85(1), 2018, pp. 157–193. <https://doi.org/10.1093/restud/rdx032>

⁴⁵ Han, L., Ngai, L. R., & Sheedy, K. D. (2023). To own or to rent? The effects of transaction taxes on housing markets. Centre for Economic Policy Research.

Because housing markets are characterized by search frictions and matching dynamics, a reduction in listings in one segment lowers the probability of successful matches elsewhere in the market, reducing liquidity and extending time-on-market.⁴⁶ Empirical evidence from the United Kingdom shows that transaction taxes cause large distortions to the price, volume, and timing of property transactions, indicating that these effects are not confined to the taxed segment alone (Best & Kleven, 2018), while evidence from Toronto shows that land transfer taxes reduced homeowner mobility by roughly 13%, causing households to remain in place approximately 14 months longer on average following implementation.⁴⁷ These effects are not confined solely to the taxed segment itself. In the Los Angeles context, Pan (2025) similarly documents substantial bunching immediately below the \$5 million ULA threshold alongside broader suppression of transaction activity above the cutoff, consistent with these broader lock-in and liquidity effects.

The broader implication is that taxes targeting high-value transactions may generate effects extending well beyond the households directly paying the tax. Policies that reduce liquidity at the upper end of the market do not leave the remainder of the housing market untouched. To the extent that Measure ULA suppresses turnover,⁴⁸ delays redevelopment, or discourages land transactions, the resulting effects may propagate through interconnected chains of mobility, investment, and housing production throughout the broader Los Angeles housing market.

⁴⁶ Ngai, L. R., & Sheedy, K. D. (2020). The decision to move house and aggregate housing-market dynamics. *Journal of the European Economic Association*, 18(5), 2487–2531.

⁴⁷ Lu Han, L. Rachel Ngai, and Kevin D. Sheedy, "To Own or to Rent? The Effects of Transaction Taxes on Housing Markets," *Review of Economic Studies*, advance article, 2025. <https://academic.oup.com/restud/advance-article/doi/10.1093/restud/rdaf092/8293019>

⁴⁸ Duranton & Turner (2012), "The effects of land transfer taxes on real estate markets," *Journal of Urban Economics*

Part X. Transfer Tax Avoidance Incentives

Transitional Avoidance: Pre-Implementation Rush Sales

The most heavily documented avoidance behavior associated with Measure ULA was the acceleration of high-value transactions ahead of the measure's April 1, 2023 effective date. Sales above the \$5 million threshold rose from approximately 7 percent of all Los Angeles property transactions in the first quarter of 2022 to roughly 12 percent in the first quarter of 2023. Researchers estimate that approximately 495 transactions closed during this pre-implementation surge that, had they occurred after April 1, would have generated roughly \$270 million in ULA revenue.⁴⁹

This pattern is consistent with a classic anticipatory avoidance response: when taxpayers are given advance notice of a significant transfer tax increase, transactions that can feasibly be accelerated are pulled forward to occur before the tax takes effect. The sharp spike in transaction activity immediately before implementation, followed by a collapse in April 2023, strongly suggests substantial intertemporal shifting behavior.

Anecdotal evidence further illustrates the incentives involved. According to press reports, several high-profile homeowners — including Jim Carrey, Mark Wahlberg, Jennifer Lopez, and James Corden — rushed to sell properties before implementation. Mark Wahlberg, for example, reduced the asking price of his Beverly Park estate from \$87.5 million to approximately \$55 million as the deadline approached, reducing the associated ULA liability by millions of dollars.⁵⁰

Post-ULA Avoidance: Ongoing Market Responses

The strategies in this category have been published by leading Los Angeles real estate and tax counsel as available structuring options. They are documented as marketed and being considered, rather than as confirmed

⁴⁹ Peter Dreier, "The Battle Over Los Angeles's Mansion Tax," *Dissent Magazine*, February 4, 2025, <https://dissentmagazine.org/article/the-battle-over-los-angeless-mansion-tax/>.

⁵⁰ Spidell Publishing, "The Los Angeles mansion tax selling frenzy," *Tribune*, April 17, 2023, <https://spidell.com/news/tribune/tribune-the-los-angeles-mansion-tax-selling-frenzy/>

consummated transactions; no publicly identified property is, on record as having executed any of the following exclusively to avoid Measure ULA.

Sale to a Statutorily Exempt Buyer

Measure ULA exempts transferees that fall within several enumerated categories, including “any entity or agency exempt from the City’s taxation power under the California or U.S. Constitutions.”⁵¹ The Regents of the University of California are constitutionally exempt; out-of-state public university systems generally are not.

This exemption has created a clear pathway for tax avoidance in high-value transactions. Hudson Pacific Properties and Macerich sold a 700,000-square-foot office campus on Los Angeles’ Westside for \$700 million, they did not have to pay the 5.5 percent transfer tax. The two had just managed to find an exempt buyer: the University of California system. If it had been subject to Measure ULA, Hudson Pacific and Macerich would have had to pay almost \$40 million in taxes.⁵²

Tenants in Common

Absent a specific exemption, if a single deed is presented for recording where the consideration is \$12 million, then the total real property transfer tax payable would be \$727,200. However, if the property is owned by tenants in common (TICs) and one TIC presents a deed where the consideration is \$4,999,999 and the other TIC presents a deed where the consideration is for the balance (i.e., \$7,000,001), according to a plain reading of the Los Angeles Municipal Code, the real property transfer tax due for the first deed would be \$28,000 and the real property transfer tax due for the second deed would be \$319,200, for a total real property transfer tax of \$347,200.⁵³

If the \$12 million property were owned by three TICs and each presented a deed for \$4 million, the real property transfer tax due for each deed would be only \$22,400 (for a total real property transfer tax of \$67,200). This is significantly less than the \$727,200 in real property transfer tax owed for a single deed where the total consideration is the same (i.e., \$12 million).

The TIC structure helps limit the impact of the “mansion tax,” which will be increasingly important as the value thresholds of when to apply the new mansion tax and its corresponding rates will be adjusted annually based on the Bureau of Labor Statistics Consumer Price Index.

⁵¹Los Angeles Office of Finance, “Real Property Transfer Tax and Measure ULA FAQ,” <https://finance.lacity.gov/faq/measure-ula>

⁵² “Los Angeles Public Records Show Wide Variance Among ‘Mansion Tax’ Payments in First Year” — CoStar News, Jan. 28, 2024.

⁵³ Morgan Lewis, “Los Angeles ‘Mansion Tax’ May Be Lessened Using Tenants in Common Structure,” August 16, 2023, <https://www.morganlewis.com/pubs/2023/08/los-angeles-mansion-tax-may-be-lessened-using-tenants-in-common-structure>.

Table 24. Loopholes Around ULA

Strategy	How It Works	Illustrative Example	Tax Impact
Sale to a Statutorily Exempt Buyer	Measure ULA exempts transferees that fall within several enumerated categories, including “any entity or agency exempt from the City’s taxation power under the California or U.S. Constitutions.” ⁵⁴	Hudson Pacific Properties and Macerich sold a 700,000-square-foot office campus on Los Angeles’ Westside for \$700 million, they did not have to pay the 5.5 percent transfer tax ⁵⁵ .	Avoided paying almost \$40 million in taxes
Tenants-in-Common (TIC) Splits	Property ownership divided among multiple parties, each conveying separately below threshold	\$12M property split into three \$4M TIC deeds	Reduces tax from ~\$727,200 to ~\$67,200
Sale of LLC / Partnership Interests	Transfer ownership via entity interests so no single buyer exceeds 50% control	Buyer acquires multiple minority stakes in LLC	May avoid ULA tax entirely
Allocation to Personal Property	Portion of price allocated to non-realty assets	\$6M deal as \$5M real estate + \$1M personal property	Keeps realty below \$5M threshold
Lot-Line Adjustment / Parcel Subdivision	Split property into multiple parcels sold separately	\$15M parcel into three \$4.99M parcels	Potentially eliminates ULA tax
Long-Term Lease with Purchase Option	Lease instead of sale (under 35 years) with purchase option	Long-term lease with future purchase	Defers ULA tax event

Source: Compiled from multiple legal, real estate, and policy sources. Analysis by Beacon Economics.

Sale of LLC or partnership interests.

Conveyance of fractional entity interests structured so that no single transferee acquires more than 50 percent controlling interest, which under California Revenue and Taxation Code Section 64(c) does not constitute a change

⁵⁴ Los Angeles Office of Finance, “Real Property Transfer Tax and Measure ULA FAQ,” <https://finance.lacity.gov/faq/measure-ula>

⁵⁵ “Los Angeles Public Records Show Wide Variance Among ‘Mansion Tax’ Payments in First Year” — CoStar News, Jan. 28, 2024.

in ownership. Execution of this strategy generally requires pre-sale entity formation followed by a holding period sufficient to avoid recharacterization under the step-transaction doctrine.^{56,57}

Allocation of consideration to personal property.

Carving out art, furnishings, or removable improvements at a separately stated price so that “realty sold” within the meaning of Los Angeles Municipal Code Section 21.9.2 falls below the \$5 million threshold (e.g., a \$6 million transaction structured as \$5 million realty plus \$1 million personal property).⁵⁸

Lot-line adjustment or parcel subdivision.

Splitting a single high-value parcel into multiple under-threshold parcels conveyed under separate deeds. Akerman LLP’s published illustration: a \$15 million property restructured into three parcels at \$4.99 million each would, under a literal reading of the ordinance, eliminate the \$825,000 ULA tax.⁵⁷

Long-term lease with fair-market-value purchase option.

Substituting a leasehold transaction (with a remaining term, including renewal options, of less than 35 years) for a fee sale, deferring the ULA event.⁵⁶

⁵⁶ Gorman & Miller, “Measure ULA – The City of Los Angeles ‘Mansion Tax’ Part 2,” September 30, 2024, <https://www.gormanmiller.com/blog/2024/9/30/measure-ula-the-city-of-los-angeles-mansion-tax-part-2>

⁵⁷ Ervin Cohen & Jessup LLP, “Nine Ideas to Avoid the Effect of Measure ULA,” April 13, 2023, <https://www.ecjlaw.com/ecj-blog/nine-ways-to-avoid-the-effect-of-measure-ula-the-new-mansion-tax>.

Conclusion

This report by Beacon Economics evaluates the market and fiscal effects associated with several major Southern California transfer tax measures, with particular focus on the City of Los Angeles’s Measure ULA. While these policies were adopted to generate revenues for affordable housing and homelessness prevention programs, the findings suggest they also meaningfully changed real estate market behavior following implementation.

Across multiple analyses, the evidence points to a notable slowdown in high-value transaction activity within the City of Los Angeles relative to surrounding areas following implementation of Measure ULA. The report finds substantial declines in the share of transactions occurring above the applicable tax thresholds, visible clustering of transactions just below those thresholds, and meaningful reductions in high-value transaction activity relative to broader Los Angeles County trends. Difference-in-differences Poisson regressions estimate that high-value transaction activity declined by approximately 41% relative to surrounding jurisdictions following implementation, while no statistically significant effect was detected for lower-value transactions.

The report also documents notable declines in multifamily permitting activity within the City of Los Angeles following implementation of the measure, particularly among mid- and large-scale ground-up projects. These trends are descriptive and should be interpreted cautiously, as broader economic conditions, elevated financing costs, and construction market weakness also affected development activity during this period. Nevertheless, the observed patterns are broadly consistent with the possibility that higher transaction and development costs may contribute to weaker large-scale development activity at the margin.

From a fiscal perspective, Measure ULA has still generated substantial revenues for the City of Los Angeles, exceeding \$1 billion cumulatively through FY 2025–26. At the same time, actual revenues have consistently fallen well below many of the early public projections tied to the measure. The analysis also suggests that some portion of the revenues generated by ULA may have been offset by declines in other real estate-related revenue streams, including traditional documentary transfer taxes and reassessment-driven property tax growth tied to property turnover.

The comparisons across Los Angeles, Santa Monica, and Culver City also highlight that structure matters. Systems that impose large tax increases once a threshold is crossed appear more likely to create threshold effects, transaction clustering, and incentives to delay, restructure, or avoid transactions altogether. By contrast, more

gradual marginal-rate structures, such as Culver City’s Measure RE, may reduce some of those distortions by applying higher rates only incrementally above specified thresholds rather than to the full transaction amount.

More broadly, the findings underscore the tradeoff inherent in transfer taxes. Real estate markets rely heavily on liquidity and the ability to transact property efficiently. Policies that materially increase transaction costs can generate meaningful revenues, but they can also reduce transaction activity, alter investment incentives, slow development, and create broader ripple effects throughout the housing market over time. Because these effects emerge gradually and unevenly across market segments, the long-run market and fiscal impacts may differ meaningfully from initial expectations and early revenue projections.

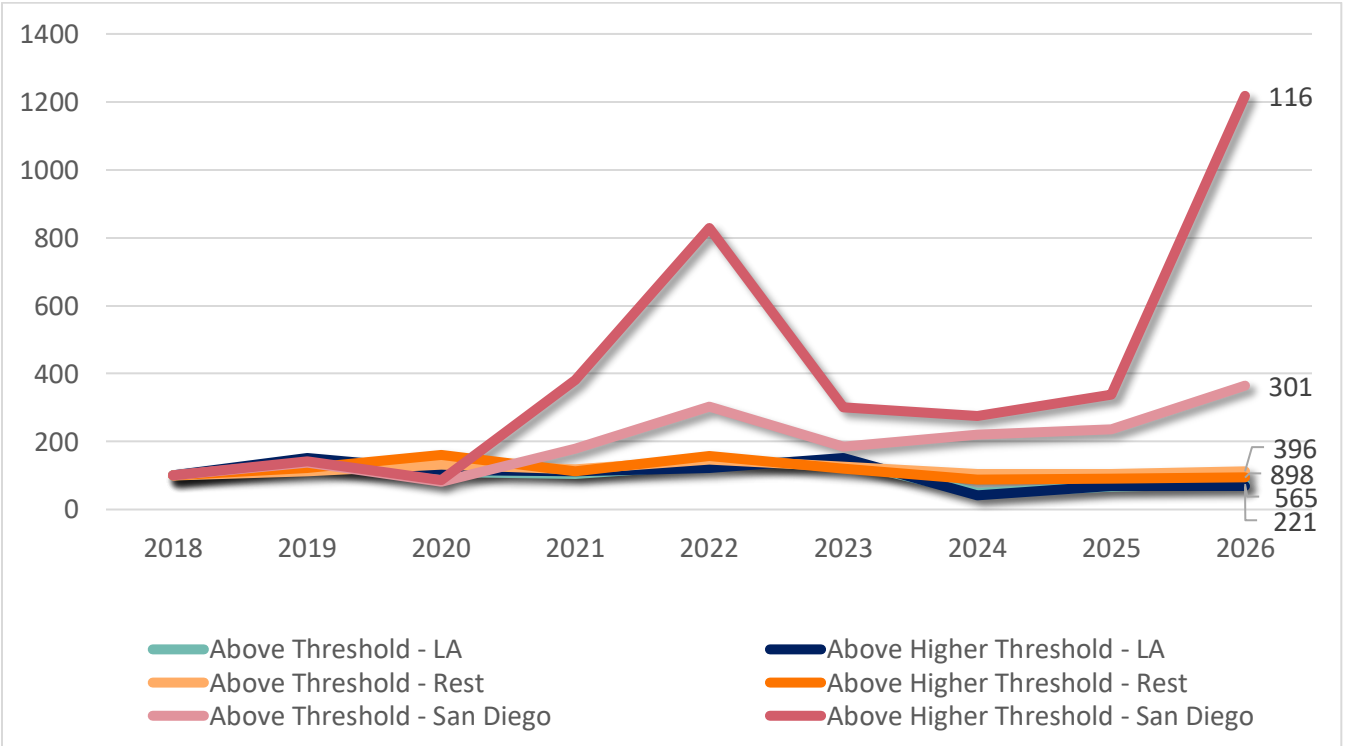
The findings of this report do not suggest that transfer taxes cannot generate important public revenues or support housing-related goals. Rather, they suggest that the scale and structure of these taxes matter significantly. To the extent policymakers wish to preserve transfer-tax-related revenues while reducing some of the market distortions identified in this report, there may be value in considering structures that rely more heavily on gradual marginal-rate systems rather than large threshold-based jumps in taxation. More broadly, policymakers should carefully weigh the tradeoffs between revenue generation and broader housing market impacts when designing future transfer tax policy.

Finally, policymakers should consider the cumulative effects of housing-related taxes and regulations rather than evaluating individual policies in isolation. In addition to Measure ULA, Los Angeles has periodically considered vacancy taxes and other housing-related revenue measures intended to address affordability and homelessness. While these policies may pursue important public objectives, each imposes additional costs on property ownership, development, or transactions. To the extent such policies are layered on top of one another, their combined effects on investment incentives, housing production, and market activity may exceed the effects of any single policy considered independently. As Los Angeles continues to evaluate housing policy reforms, consideration should be given not only to the revenue generated by individual measures, but also to their cumulative impact on housing supply, economic activity, and the City's long-term competitiveness relative to surrounding jurisdictions.

Appendix

During peer review, it was suggested that the January 2025 Palisades and Eaton Fires may have affected transaction activity and sale prices within both the treatment and comparison geographies. To evaluate this possibility, the indexed share analysis and the single-family hedonic regression were re-estimated after excluding properties located in Pacific Palisades and Altadena, the primary areas affected by the fires. As shown in Figure A-1 and Tables A-1 through A-4, excluding these neighborhoods does not materially affect the results. The indexed transaction share trends remain nearly identical to those presented in the main analysis, and the estimated post-Measure ULA interaction effect in the hedonic regressions change only marginally while remaining highly statistically significant. These findings indicate that the report's conclusions are not materially influenced by fire-related transaction activity.

Figure A-1. Indexed Share of Properties Sold Above Threshold, City of Los Angeles vs Rest of Los Angeles County and San Diego County



Source: Chicago Title Company. Analysis by Beacon Economics.

Table A-1. Difference-in-Differences Hedonic Regression Results for Single-Family Residential Sale Prices, Including Square Feet, With and Without the Pacific Palisades and City of Altadena

Variables	All SFR Sales (Sq. Ft. Included)	All SFR Sales (Sq. Ft. Included)
Pacific Palisades and Altadena	Included	Excluded
Los Angeles	0.281*** (0.003)	0.272*** (0.003)
Post Period	0.231*** (0.002)	0.235*** (0.002)
Los Angeles × Post	-0.0623*** (0.004)	-0.064*** (0.004)
Age at Sale	0.00478*** (0.0001)	0.005*** (0.0001)
Number of Bedrooms	-0.0330*** (0.003)	-0.0334 *** (0.003)
Square Footage	0.000387*** (0.000005)	0.000387*** (0.000005)
Pool	0.175*** (0.004)	0.175*** (0.004)
Constant	12.595*** (0.008)	12.593*** (0.008)
Observations	308,975	304,774
R-squared	0.435	0.431

Note: Robust standard errors in parentheses. Dependent variable is the natural log of sale price. “Post” indicates the post-Measure ULA implementation period. The interaction term (“Los Angeles × Post”) represents the estimated differential post-period effect for Los Angeles relative to comparison jurisdictions.
 *** p < 0.01, ** p < 0.05, * p < 0.10

Table A-2. Difference-in-Differences Hedonic Regression Results for Single-Family Residential Sale Prices, Excluding Square Feet, With and Without the Pacific Palisades and City of Altadena

Variables	All SFR Sales (Sq. Ft. Excluded)	All SFR Sales (Sq. Ft. Excluded)
Pacific Palisades and Altadena	Included	Excluded
Los Angeles	0.365*** (0.003)	0.351*** (0.003)
Post Period	0.251*** (0.003)	0.254*** (0.003)
Los Angeles × Post	-0.0659*** (0.005)	-0.0671*** (0.005)
Age at Sale	0.00152*** (0.0001)	0.00156*** (0.0001)
Number of Bedrooms	0.187*** (0.003)	0.184*** (0.003)
Square Footage	—	—
Pool	0.396*** (0.003)	0.394*** (0.003)
Constant	12.724*** (0.011)	12.728*** (0.011)
Observations	308,975	304,774
R-squared	0.241	0.235

Note: Robust standard errors in parentheses. Dependent variable is the natural log of sale price. “Post” indicates the post-Measure ULA implementation period. The interaction term (“Los Angeles × Post”) represents the estimated differential post-period effect for Los Angeles relative to comparison jurisdictions.
 *** p < 0.01, ** p < 0.05, * p < 0.10

Table A-3. Difference-in-Differences Hedonic Regression Results for Single-Family Residential Sale Prices Over \$5 M, Including Square Feet, With and Without the Pacific Palisades and City of Altadena

Variables	Sales Over \$5M (Sq. Ft. Included)	Sales Over \$5M (Sq. Ft. Excluded)
Pacific Palisades and Altadena	Included	Excluded
Los Angeles	0.108*** (0.023)	0.159*** (0.025)
Post Period	-0.0867*** (0.021)	-0.0867*** (0.021)
Los Angeles × Post	-0.119*** (0.031)	-0.175*** (0.034)
Age at Sale	-0.00251*** (0.0003)	-0.00272*** (0.0003)
Number of Bedrooms	-0.131*** (0.012)	-0.133*** (0.013)
Square Footage	0.0000434*** (0.000005)	0.0000407*** (0.000006)
Pool	0.184*** (0.023)	0.179*** (0.024)
Constant	16.409*** (0.050)	16.446*** (0.051)
Observations	5,641	5,168
R-squared	0.106	0.112

Note: Robust standard errors in parentheses. Dependent variable is the natural log of sale price. “Post” indicates the post-Measure ULA implementation period. The interaction term (“Los Angeles × Post”) represents the estimated differential post-period effect for Los Angeles relative to comparison jurisdictions.
*** p < 0.01, ** p < 0.05, * p < 0.10

Table A-4. Difference-in-Differences Hedonic Regression Results for Single-Family Residential Sale Prices Over \$5 M, Excluding Square Feet, With and Without the Pacific Palisades and City of Altadena

Variables	Sales Over \$5M (Sq. Ft. Excluded)	Sales Over \$5M (Sq. Ft. Excluded)
Pacific Palisades and Altadena	Included	Excluded
Los Angeles	0.0924*** (0.023)	0.0146*** (0.025)
Post Period	-0.0900*** (0.021)	-0.0883*** (0.021)
Los Angeles × Post	-0.111*** (0.032)	-0.166*** (0.035)
Age at Sale	-0.00323*** (0.0003)	-0.00342*** (0.0003)
Number of Bedrooms	-0.0799*** (0.010)	-0.0845*** (0.011)
Square Footage	—	—
Pool	0.236*** (0.021)	0.229*** (0.022)
Constant	16.408*** (0.048)	16.441*** (0.049)
Observations	5,641	5,168
R-squared	0.084	0.097

Note: Robust standard errors in parentheses. Dependent variable is the natural log of sale price. “Post” indicates the post-Measure ULA implementation period. The interaction term (“Los Angeles × Post”) represents the estimated differential post-period effect for Los Angeles relative to comparison jurisdictions.
*** p < 0.01, ** p < 0.05, * p < 0.10