

State lawmakers pull last-minute effort to reform LA's 'mansion tax'

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Supporters of the United to House L.A. initiative gathered to deliver boxes full of signatures for the November 2022 ballot measure that passed the city's "mansion tax."

California senators Lena Gonzalez and Tina McKinnor released a joint news statement Thursday saying their bill "required additional clarifying amendments that were not possible due to end of session deadlines."

They said the city's tax "is an important tool to address Los Angeles' housing and homelessness crisis." But they vowed to re-introduce legislation in January to rein in parts of the policy critics say are causing development to plummet at a time when the city is falling far short of its housing production goals.

Mayor Karen Bass, who until now has avoided commenting on efforts to alter the tax, said she had asked lawmakers to delay passage of the bill, leaving time for more technical changes.

"My goal is to build more housing and make it more affordable while fixing unintended consequences of policies impacting families trying to rebuild after January's fires. ... I look forward to collaborating with local and state partners to continue this momentum," Bass said in a statement to LAist.

Supporters of the city’s policy, which puts tax revenue toward tenant aid programs and affordable housing construction, said the bill’s proposals should be permanently dismissed.

“The voters have made themselves clear, and they should not lose their voice,” said tax supporters with the group United to House L.A. in a news release Thursday. “Tens of millions of dollars to fight displacement and homelessness must not be erased.”

What was in the now-stalled bill

Often referred to as the city’s “mansion tax,” Measure ULA was enacted in April 2023 after nearly 58% of city voters approved it in November 2022.

Over nearly 2 1/2 years, the policy has collected \$830 million by taxing the sale of real estate priced at \$5 million or more. The tax rate tops out at 5.5%. It applies not just to palatial single-family homes but also to apartment buildings and other commercial properties.

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Several recent economic studies have concluded the tax is decreasing development activity in the city relative to other parts of L.A. County, including the development of [many affordable apartments](#).

A competing group of researchers has argued those conclusions are premature.

The bill introduced this week would have capped the tax rate at 1.5% for apartment buildings and other commercial properties built within the last 15 years. It also would have included carve-outs for single-family homes being rebuilt within five years of natural disasters such as January’s Palisades Fire.

Another part of the bill would have loosened financing restrictions that critics say make ULA-funded projects too risky to attract investment from banks and other lenders.

Advocates for increased housing development were frustrated with the bill’s failure to advance.

Dave Rand, a land-use attorney with Rand Paster & Nelson LLP., said the kinds of housing developers he works with will likely remain on the sidelines until the tax is reformed.

He said the policy “has been simply catastrophic for the production of new housing.”

“We’re left with a lot of uncertainty about whether there’s a fix in the future,” Rand said. “But it desperately needs to happen. Because until it does, we will not be achieving the level and degree of housing production that everybody in the city — regardless of their view about Measure ULA — believes is needed.”

Effort to kill every CA ‘mansion tax’ still looms

The state bill was introduced just as Measure ULA opponents had begun gathering signatures to put a measure on the November 2026 ballot asking voters to invalidate the city’s “mansion tax” and other, similar policies across California.

Gonzalez and McKinnor’s bill would have provisioned changes on the 2026 initiative being withdrawn, or failing to qualify for the ballot. The initiative’s backers, the Howard Jarvis Taxpayers Association, vowed to move ahead with their efforts regardless of legislative actions.

Susan Shelley, a spokesperson for the taxpayers association, said the group is still working to collect the 875,000 signatures they'll need by late February 2026 to qualify for the ballot.

She said of the now-stalled state bill: "Tying Pacific Palisades tax relief to the failure of this initiative was depraved."