

Ann Sewill, General Manager  
Tricia Keane, Executive Officer

---

Daniel Huynh, Assistant General Manager  
Anna E. Ortega, Assistant General Manager  
Luz C. Santiago, Assistant General Manager

**City of Los Angeles**



**Karen Bass, Mayor**

LOS ANGELES HOUSING DEPARTMENT  
1910 Sunset Blvd, Ste 300  
Los Angeles, CA 90026  
Tel: 213.808.8808

---

[housing.lacity.org](http://housing.lacity.org)

# **Eligibility Guidelines for the United to House Los Angeles (ULA) Homelessness and Housing Solutions Tax Exemption**

*Effective Date 2/28/2024*

## **Introduction**

In November 2022, the voters of the City of Los Angeles (“City”) approved the United to House LA Homelessness and Housing Solutions Tax (“Measure ULA” or “Measure”). Measure ULA is an additional special real property transfer tax on conveyances of real property over \$5 million, effective as of April 1, 2023. The Measure exempts, amongst others, certain conveyances of real property whose purchasers or transferees have certain entity characteristics and engage in affordable housing development or management, from the special tax, and those exemptions are incorporated in the City’s documentary transfer tax provisions. For example, the exemption is reserved for affordable housing developers that are 501(c)(3) non-profits, community land trusts, limited partnerships and limited liability companies having a non-profit or community land trust general partner or managing member with a history of experience in affordable housing development or management (“Exemption 21.9.14”). The exemption also applies to sales to governmental entities, as well as established 501(c)(3) non-profit organizations with assets of less than \$1 billion - regardless of affordable housing development or management history (“Exemption 21.9.15”).

The *Eligibility Guidelines for the United to House Los Angeles (ULA) Homelessness and Housing Solutions Tax Exemption* (“the Guidelines”) enumerate the requirements for qualifying for a tax exemption pursuant to the Measure, describe the procedures for determining whether a requester qualifies for the exemption, and outline various policies and protocols that govern administration of the exemption process.

## **Section 1: Requesting an Exemption**

Exemption requests pursuant to Exemption 21.9.14 shall be submitted to the Los Angeles Housing Department via [an applicant portal](#) and shall be reviewed in accordance with the procedures provided in Section 4 of these Guidelines. Requests may be made by the purchaser(s) / transferee(s) (“transferee”), or the Managing Partner or General Partner of the transferee on behalf of the transferee, but Exemptions 21.9.14 and 21.9.15 shall be approved for and assigned to the transferee only.

### **I. Exemption 21.9.14**

Los Angeles Municipal Code Section 21.9.14 – Qualified Organizations with Experience in Affordable Housing Development or Affordable Housing Management, or Partnerships, or Certain Non-Profits Recording Covenants

- Real Property conveyances wherein the purchaser(s) / transferee(s) (“transferee”) are described in one of the six categories below will be eligible for Exemption 21.9.14:

A. A non-profit 501(c)(3) entity with a history of affordable housing development and/or affordable housing property management experience.

*See Exemption 21.9.14(A) of these Guidelines below for a detailed description of required documentation and review standards for the aforementioned exemption.*

B. A Community Land Trust (“CLT”) organized as a 501(c)(3) non-profit that has as its primary purposes the creation and maintenance of permanently affordable residences, as defined in Los Angeles Administrative Code (“LAAC”) Section 22.618.2, with a history of affordable housing development and/or affordable housing property management experience.

*See Exemption 21.9.14(B) of these Guidelines below for a detailed description of required documentation and review standards for the aforementioned exemption.*

C. A Limited Equity Housing Cooperative (“LEHC”) as defined by California Civil Code Section 817, with a history of affordable housing development and/or affordable housing property management experience.

*See Exemption 21.9.14(C) of these Guidelines below for a detailed description of required documentation and review standards for the aforementioned exemption.*

- D. A limited partnership or limited liability company in which a non-profit corporation, a CLT or a LEHC are the general partners or managing members, and at least one of the partners or members has a history of affordable housing development and/or affordable housing property management experience.

*See Exemption 21.9.14(D) of these Guidelines below for a detailed description of required documentation and review standards for the aforementioned exemption.*

- E. A CLT or LEHC without a history of affordable housing development and/or affordable housing property management experience that is in a partnership with a non-profit 501(c)(3) that meets the requirements for experience.

*See Exemption 21.9.14(E) of these Guidelines below for a detailed description of required documentation and review standards for the aforementioned exemption.*

- F. A CLT or LEHC without a history of affordable housing development or property management experience that records, at the time of acquisition, an affordability covenant restricting the site for development as housing affordable to low income households for perpetuity or the maximum length of time as maybe permitted by applicable law, as described in LAAC Section 22.618.3(d)(1)(i)(b).

*See Exemption 21.9.14(F) of these Guidelines below for a detailed description of required documentation and review standards for the aforementioned exemption.*

Purchasers seeking an exemption as outlined above shall submit documentation to the Los Angeles Housing Department depending on the applicable qualifications enumerated in these Guidelines.

## II. **Exemption 21.9.15**

Los Angeles Municipal Code Section 21.9.15 – General Non-Profit, Governmental, and Constitutional Exemption

The exemption under Los Angeles Municipal Code (“LAMC”) Section 21.9.15 is generally reserved for:

- a. 501(c)(3) entities with less than \$1 billion of assets and an IRS 501(c)(3) qualification date of ten years prior to the transfer.

*See Exemption 21.9.15(a) of these Guidelines below for a detailed description of required documentation and review standards for the aforementioned exemption.*

- b. Governmental entities.

*See Exemption 21.9.15(b) of these Guidelines below for a detailed description of required documentation and review standards for the aforementioned exemption.*

- c. Entities exempt from the City’s taxing power under the U.S. Constitution and California Constitution.

*See Exemption 21.9.15(c) of these Guidelines below for a detailed description of required documentation and review standards for the aforementioned exemption.*

Purchasers seeking these exemptions as outlined above shall submit documentation to the Office of Finance depending on the applicable qualifications enumerated in these Guidelines.

## **Section 2: Definitions**

All terms not defined below shall, unless their contexts suggest otherwise, be interpreted in accordance with the meanings of terms described in Measure ULA and Article 1.9 of Chapter II of the Los Angeles Municipal Code (LAMC).

- a. "Affordable housing" shall mean housing that is deed-restricted to be affordable to households with incomes at or below the "lower income" limits as defined in Section 50079.5 of the California Health and Safety Code.
- b. "AMI" shall mean Area Median Income.
- c. "General Partner" shall mean an entity that has ownership interest in and is responsible for the management decisions of a Limited Partnership, and is liable for such partnership's obligations, including, but not limited to the partnership's liabilities and losses.
- d. "Income-qualified owner" shall mean households with incomes at or below 120% AMI.
- e. "LAHD award" shall mean a recommendation by the City of Los Angeles Housing Department to, with City Council approval and Mayoral concurrence, select an entity for a contract, real estate transaction, or funding agreement as the result of a competitive Request for Proposals (RFP) process.
- f. "Lower Income household" shall have the same meaning as in Section 50079.5 of the California Health and Safety Code.
- g. "Low-income housing" shall mean housing that is deed-restricted to be affordable to households with incomes at or below the "lower income" limits as defined in Section 50079.5 of the California Health and Safety Code.
- h. "Moderate-income household" shall have the same meaning as the term "Persons and families of moderate income" as defined in Section 50093(b) of the California Health and Safety Code.
- i. "Managing Member" shall mean a member of a Limited Liability Company who, alone or together with others, is vested with the continuing exclusive authority to make the management decisions necessary to conduct the business of such Limited Liability Company.
- j. "Property management agent" shall mean an individual or corporation engaged by the owner of an affordable housing project to administer the daily operations of maintaining the property.

- k. "Transferee" shall mean the entity who will be granted, assigned, transferred, or otherwise conveyed to, or vested in, an interest in real property, including any lease interest with a term of 35 years or more.

### **Section 3: Minimum Standards for Demonstrating Affordable Housing Experience**

Los Angeles Municipal Code Section 21.9.14 instructs LAHD to determine standards for demonstrating a history of affordable housing development and/or affordable housing property management experience. These Guidelines define affordable housing experience as follows:

1) Transferees with Recent LAHD Award

Transferees who have been selected for an LAHD award or where one or more of the transferee's Managing Partners or General Partners have been selected for an award within the last 24 months of the date of the transfer by an LAHD-sponsored Request for Proposals (RFP) are deemed to have demonstrated a history of affordable housing experience;

OR

2) Transferees without Recent LAHD Award

For transferees who did not receive a LAHD award within the last 24 months of the date of the transfer, the transferee, or one or more of the transferee's Managing Partners or General Partners, shall demonstrate that it has developed at least two (2) housing projects covenanted to be affordable to Lower Income households within the past six (6) years, and/or shall have owned and/or managed at least two (2) affordable housing properties in the past six (6) years. The requester must provide:

- i) A schedule of all previous projects and participation history in affordable multi-family rental projects, affordable for-sale projects, and market-rate projects. The schedule shall include all projects that the transferee, or its Managing Partners or General Partners, placed into service over the past ten (10) years and must include:
  - (1) Names and contact information of all principals.
  - (2) List of projects by name, address, number of units, and date placed in service.
  - (3) List of the principals' role(s) in each project.
  - (4) Status of loans (including residual receipts or service loans) on each project (current, defaulted, assigned, foreclosed).
  - (5) Any default history of each project. If disclosure is made with respect to a default, the requester must provide a complete explanation of the circumstances and current status. LAHD will evaluate the materials provided and will, in its sole discretion, determine whether the default disqualifies the transferee from receiving the exemption. An unacceptable history of default(s), singularly or in combination, will be grounds for rejection of the request for exemption.



#### **Section 4 - Required Documentation for Exemptions 21.9.14 and 21.9.15**

##### **Exemption 21.9.14(A) - Qualifying as a Non-profit 501(c)(3) Entity with Housing Experience Pursuant to Los Angeles Municipal Code Section 21.9.14**

To qualify as a non-profit 501(c)(3) entity with affordable housing and/or affordable housing management experience, the purchaser/transferee must provide documentation pursuant to the following checklist:

1. Evidence of Good Standing and Eligible Purpose of Non-Profit Organization:
  - a. Internal Revenue Service (“IRS”) determination letter of exempt status under Section 501(c)(3); AND
  - b. Certificate of corporate good standing from the California Secretary of State dated within sixty (60) days of request; AND
  - c. Articles of Incorporation and By-Laws for the non-profit entity which includes provisions that the development, operation or preservation of affordable housing is stated as all or part of the organization’s mission and purpose; AND
  - d. Certificate of Registration for the City of Los Angeles’s Business License Tax.
  
2. Transferee meets the requirements of Section 3 - Minimum Standards for Demonstrating Affordable Housing Experience

**Exemption 21.9.14(B) - Qualifying as a Community Land Trust (“CLT”) with Housing Experience Pursuant to Los Angeles Municipal Code Section 21.9.14**

To qualify as a CLT with affordable housing and/or affordable housing management experience, the requester must provide documentation pursuant to the following checklist:

- 1) Evidence of Good Standing of CLT Organization:
  - a) Internal Revenue Service (“IRS”) determination letter of exempt status under Section 501(c)(3); AND
  - b) Certificate of corporate good standing from the California Secretary of State dated within sixty (60) days of request; AND
  - c) Articles of Incorporation and By-Laws for the CLT showing (i) that the creation and maintenance of permanently affordable single-family or multifamily residences is the primary purpose of the organization; (ii) that all dwellings and units located on the land owned by the CLT shall be sold to a qualified owner to be occupied as the primary residence, or rented to Lower Income Households or Moderate Income Households, or held by the CLT for the same purpose; and (iii) that when a dwelling or unit that is on land owned by the CLT is sold to a qualified owner, the land is leased by the CLT to the income-qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years.
  - d) Certificate of Registration for the City of Los Angeles’s Business License Tax.
  
- 2) Transferee meets the requirements of Section 3 - Minimum Standards for Demonstrating Affordable Housing Experience

**Exemption 21.9.14(C) - Qualifying as a Limited-Equity Housing Cooperative (“LEHC”) with Housing Experience Pursuant to Los Angeles Municipal Code Section 21.9.14**

To qualify as an LEHC with affordable housing and/or affordable housing management experience, the requester must provide documentation for the following checklist:

- 1) Evidence of Good Standing of LEHC under California Civil Code Section 817:
  - a) Corporate organizational documents for the purchaser corporate entity showing that the LEHC is any of the following:
    - i) A non-profit public benefit corporation pursuant to Part 2 commencing with Section 5110 of Division 2 of Title 1 of the California Corporations Code; OR
    - ii) An entity that holds title to real property as the beneficiary of a trust providing for distribution for public or charitable purposes upon termination of the trust; OR
    - iii) An entity that holds title to real property subject to conditions that will result in reversion to a public or charitable entity upon dissolution of the corporation; OR
    - iv) Holds a leasehold interest of at least twenty years’ duration, conditioned on the corporation’s continued qualification under this section and provides for reversion to a public entity or charitable corporation.
  - b) AND Certificate of corporate good standing from the California Secretary of State dated within sixty (60) days of LAHD receipt of request for exemption; AND
  - c) Articles of Incorporation and By-Laws for the LEHC meeting all the requirements of California Civil Code Section 817.
  - d) Certificate of Registration for the City of Los Angeles’s Business License Tax.
- 2) Transferee meets the requirements of Section 3 - Minimum Standards for Demonstrating Affordable Housing Experience

**Exemption 21.9.14(D) - Qualifying as a Limited Partnership or Limited Liability Company, with Non-profit (including CLT or LEHC) General Partner or Managing Member, with Housing Experience Pursuant to Los Angeles Municipal Code Section 21.9.14**

To qualify as a Limited Partnership or Limited Liability Company with affordable housing and/or affordable housing management experience, the requester must provide documentation pursuant to the following checklist:

**1) Evidence of Managing General Partner Good Standing:**

- A) If General Partner or Managing Member is a Non-profit - Evidence of Good Standing of Non-Profit Organization:
  - a) Internal Revenue Service (“IRS”) determination of exempt status under Section 501(c)(3); AND
  - b) Certificate of corporate good standing from the California Secretary of State dated within sixty (60) days of request; AND
  - c) Articles of Incorporation and By-Laws for the non-profit entity showing that the development, operation or preservation of affordable housing is stated as all or part of the organization’s mission and purposes.
  - d) Certificate of Registration for the City of Los Angeles’s Business License Tax.
  
- B) OR, if General Partner or Managing Member is a CLT - Evidence of Good Standing of CLT:
  - a) Internal Revenue Service (“IRS”) determination of exempt status under Section 501(c)(3) Certificate of corporate good standing from the California Secretary of State dated within sixty (60) days of request; AND
  - b) Articles of Incorporation and By-Laws for the CLT showing that the creation and maintenance of permanently affordable single-family or multifamily residences is the primary purpose of the organization; and that all dwellings and units located on the land owned by the CLT shall be sold to a qualified owner to be occupied as the primary residence, or rented to Lower Income Households or Moderate Income Households, or held by the CLT for the same purpose; and that when a dwelling or unit that is on land owned by the CLT is sold to a qualified owner the land is leased by the CLT to the income-qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years.
  - c) Certificate of Registration for the City of Los Angeles’s Business License Tax.
  
- C) OR, if General Partner or Managing Member is a LEHC – Evidence of Good Standing of LEHC:
  - a) Corporate organizational documents for the purchaser corporate entity showing that the LEHC is any of the following:
    - i) A non-profit public benefit corporation pursuant to Part 2 commencing with Section 5110 of Division 2 of Title 1 of the California Corporations Code; OR

- ii) An entity that holds title to real property as the beneficiary of a trust providing for distribution for public or charitable purposes upon termination of the trust; OR
  - iii) An entity that holds title to real property subject to conditions that will result in reversion to a public or charitable entity upon dissolution of the corporation; OR
  - iv) Holds a leasehold interest of at least twenty (20) years' duration, condition on the corporation's continued qualification under this section and provides for reversion to a public entity or charitable corporation.
- b) AND Certificate of corporate good standing from the California Secretary of State dated within sixty (60) days of request; AND
  - c) Articles of Incorporation and By-Laws for the LEHC meeting all the requirements of California Civil Code Section 817.
  - d) Certificate of Registration for the City of Los Angeles's Business License Tax.

**2) Evidence of Managing General Partner Roles and Responsibilities:**

A) Evidence Required to Establish that the Managing General Partner of the Limited Partnership or Limited Liability Company Purchasing the Property is a Qualified Entity:

- a) Limited Partnership Agreement or LLC Operating Agreement that expressly designates the non-profit corporation as the managing general partner of the entity that intends to or has purchased the property for which the exemption is sought.
- b) If the transferee is an LLC with more than one member, the requester must establish that the managing general partner and member manager has material participation in the control, management and direction of the limited partnership's or LLC's business. "Material participation" shall be supported by:
  - i) Evidence demonstrating that the managing general partner has the right to vote in all major decisions, including any actions which require a vote of a majority in interest of the general partner; AND
  - ii) Evidence that the managing general partner has the capacity to perform, and does or will perform a minimum of five (5) of the following twelve (12) substantial management duties:
    - (1) Rents, maintains and repairs the low income housing property or if such duties are delegated to a property management agent, participates in hiring and overseeing the work of the property management agent.
    - (2) Participates in hiring and overseeing the work of all persons necessary to provide services for the management and operation of the company or limited partnership business.

- (3) Executes and enforces all contracts executed by the company or limited partnership.
- (4) Executes and delivers all partnership documents on behalf of the company or limited partnership.
- (5) Prepares or causes to be prepared all reports to the members, partners, or lenders of the LLP or LLC, as required by any applicable loan agreements, the LLC Operating Agreement, or the LLP Partnership Agreement.
- (6) Coordinates all present and future development, construction, or rehabilitation of low income housing property that is the subject of the LLC Operating Agreement or the LLP Partnership Agreement
- (7) Monitors compliance with all government regulations and files or supervises the filing of all required documents with government agencies.
- (8) Acquires, holds, assigns or disposes of property or any interest in property.
- (9) Borrows money on behalf of the company or limited partnership, encumbers company or limited partnership assets, places title in the name of the nominee to obtain financing, prepays in whole or in part, refinances, increases, modifies or extends any obligation.
- (10) Pays organizational expenses incurred in the creation of the company or partnership and all operational expenses.
- (11) Determines the amount and timing of distributions to members or partners and establishes and maintains all required reserves.
- (12) Ensures that charitable services or benefits such as vocational training, education programs, childcare and after-school programs, cultural activities, family counseling, meals, transportation, and linkages to health and or social services are provided or made available to low income housing tenants.

**3) Disclosures and Attestation of Liabilities:**

- A) The Managing Member or General Partner must provide a Sponsor Certification disclosing conflicts of interests, identities of related parties, bankruptcies and receivership actions, litigation, administrative or civil actions that may adversely affect the financial state of the project, or criminal proceedings that may affect the financial state of the project;

**4) Evidence of Affordable Housing Experience:**

- A) Transferee meets the requirements of Section 3 - Minimum Standards for Demonstrating Affordable Housing Experience

**Exemption 21.9.14(E) - Qualifying as a CLT and LEHC without Housing Experience but Whose Partners have Housing Experience Pursuant to Los Angeles Municipal Code Section 21.19.14**

The following checklist applies to CLTs and LEHCs without direct affordable housing experience, but who have partnerships in place with non-profit organizations that do have affordable housing experience:

**1) Evidence of Good Standing of Non-Profit Organization:**

- a) Internal Revenue Service (“IRS”) determination of exempt status under Section 501(c)(3); AND
- b) Certificate of corporate good standing from the California Secretary of State dated within sixty (60) days of request; AND
- c) Articles of Incorporation and By-Laws for the non-profit entity showing that the development, operation or preservation of affordable housing is stated as all or part of the organization’s mission and purposes; AND
- d) Certificate of Registration for the City of Los Angeles’ Business License Tax.

**2) Evidence of Good Standing of CLT or LEHC:**

- a) If the Limited Partner or Non-managing Member is a CLT, then the request must provide Evidence of Good Standing of CLT Organization:
  - a) Internal Revenue Service (“IRS”) determination of exempt status under Section 501(c)(3); AND
  - b) Certificate of corporate good standing from the California Secretary of State dated within sixty(60) days of request; AND
  - c) Articles of Incorporation and By-Laws for the CLT showing that the creation and maintenance of permanently affordable single-family or multifamily residences is the primary purpose of the organization; and that all dwellings and units located on the land owned by the CLT shall be sold to a qualified owner to be occupied as the primary residence, or rented to Lower Income Households or Moderate Income Households, or held by the CLT for the same purpose; and that when a dwelling or unit that is on land owned by the CLT is sold to a qualified owner the land is leased by the CLT to the income-qualified owner for the convenient occupation and use of that dwelling or unit for a renewable term of 99 years.
  - d) Certificate of Registration for the City of Los Angeles’ Business License Tax.

OR

- b) If the Limited Partner or Non-managing Member is an LEHC, then the request must provide Evidence of Good Standing of LEHC Under California Civil Code Section 817:
  - a) Corporate organizational documents for the purchaser corporate entity showing that corporation is any of the following:
    - i) A non-profit public benefit corporation pursuant to Part 2 commencing with Section 5110 of Division 2 of Title 1 of the California Corporations Code.

- ii) An entity that holds title to real property as the beneficiary of a trust providing for distribution for public or charitable purposes upon termination of the trust.
- iii) An entity that holds title to real property subject to conditions that will result in reversion to a public or charitable entity upon dissolution of the corporation.
- iv) Holds a leasehold interest of at least twenty years' duration, condition on the corporation's continued qualification under this section and provides for reversion to a public entity or charitable corporation.
- b) AND Certificate of corporate good standing from the California Secretary of State dated within sixty (60) days of request; AND
- c) Articles of Incorporation and By-Laws for the LEHC meeting all the requirements of California Civil Code Section 817.
- d) Certificate of Registration for the City of Los Angeles' Business License Tax.

**3) Evidence that Qualified Non-Profit is the Managing General Partner:**

- a) Submit Partnership or LLC Documents showing that the Qualified Non-Profit is the Managing General Partner of Limited Partnership or Limited Liability Company, and describing roles of qualified non-profit partner and the CLT or LEHC in the ownership and development of the property.

**4) Disclosures and Attestation of Liabilities:**

- a) The Managing Member or General Partner must provide a Sponsor Certification disclosing conflicts of interests, identities of related parties, bankruptcies and receivership actions, litigation, administrative or civil actions that may adversely affect the financial state of the project, or criminal proceedings that may affect the financial state of the project;

**5) Evidence of Affordable Housing Experience**

- a) Transferee meets the requirements of Section 3 - Minimum Standards for Demonstrating Affordable Housing Experience



**Exemption 21.9.14(F) - Qualifying as a CLT or LEHC Without Housing Experience and Without Experienced Partner Pursuant to Los Angeles Municipal Code Section 21.19.14 (“Alternative Exemption”)**

Consideration and approval under the Alternative Exemption requires the submission of the following, by the CLT or LEHC, to the Los Angeles Housing Department:

- 1) Evidence that the CLT or LEHC is properly formed and organized:
  - a) Articles of Incorporation and By-Laws as described in the requirements for Exemption 21.9.14 above.
  - b) Copy of IRS issued 501(c)(3) letter.
  - c) Evidence of Good Standing by the California Secretary of State.
  - d) Certificate of Registration for the City of Los Angeles’s Business License Tax.
  
- 2) Evidence of recording of an affordability covenant, with respect to the purchased property, restricting the use of the property as affordable housing in a manner consistent with Section 22.618.3(d)(1)(i) b of the Los Angeles Administrative Code. The Covenant shall be reviewed and approved by the Los Angeles City Attorney’s Office as to form, legality and compliance with the LAAC.

**Exemption 21.9.15(a) - Qualifying as a Transferee 501(c)(3) Non-Profit Entity with Less than \$1 billion of Assets and an Exemption Date of Ten Years Prior to the Transfer (“General Non-Profit Exemption”) Pursuant to Los Angeles Municipal Code Section 21.9.15(a)**

The exemption under Section 21.9.15 is generally reserved for (i) 501(c)(3) entities with less than \$1 billion of assets and an IRS 501(c)3 qualification date of no less than ten years prior to the date of the transfer, (ii) governmental entities, and (iii) entities exempt from the City’s taxing power under the U.S. Constitution and California Constitution.

Consideration and approval under the General Non-Profit Exemption pursuant to LAMC Section 21.9.15(a) requires the submission of the following, by the purchaser/ transferee, to the Office of Finance:

- 1) IRS determination letter of exempt status under 501(c)(3) for the transferee non-profit entity with an effective date of exemption of no less than 10 years prior to the date of the transfer; and either:
  - a) IRS Form 990 of the transferee 501(c)(3) entity for the year prior to the date of the transfer;
  - b) OR, audited financial statement of the transferee 501(c)(3) entity as of the month preceding the date of the transfer or the closing month of the accounting year (as reported on the transferee’s IRS Form SS-4) preceding the date of the transfer

To apply for an exemption under this category, eligible purchasers and sellers must submit the required documentation to the City of Los Angeles Office of Finance.

Please contact the Office of Finance with any questions at:

[finance.ula@lacity.org](mailto:finance.ula@lacity.org)

**Exemption 21.9.15(b) - Qualifying as a Transferee governmental entity (“Governmental Exemption”) Pursuant to Los Angeles Municipal Code Section 21.9.15(b)**

The exemption under Section 21.9.15 is generally reserved for (i) 501(c)(3) entities with less than \$1 billion of assets and an IRS 501(c)(3) qualification date of no less than ten years prior to the transfer, (ii) governmental entities, and (iii) entities exempt from the City’s taxing power under the U.S. Constitution and California Constitution.

Consideration and approval under the Governmental Exemption pursuant to LAMC Section 21.9.15(b) requires the submission of any of the following, by the purchaser/transferee, to the Office of Finance:

- 1) Letter from the IRS confirming the transferee is a governmental unit entitled to receive charitable contributions under section 170(c)(1) of the Internal Revenue Code, as amended;
- 2) Letter from the IRS exempting the transferee from filing Form 990;
- 3) Copy of the charter or governing document of the governmental body transferee; or
- 4) Copy of any document confirming the governmental status of the transferee

To apply for an exemption under this category, eligible purchasers and sellers must submit the required documentation to the City of Los Angeles Office of Finance.

Please contact the Office of Finance with any questions at:

[finance.ula@lacity.org](mailto:finance.ula@lacity.org)

**Exemption 21.9.15(c) - Qualifying as a Transferee Constitutional Exempt Entity  
("Constitutional Exemption") Pursuant to Los Angeles Municipal Code Section 21.9.15(c)**

Consideration and approval under the Constitutional Exemption pursuant to LAMC Section 21.9.15(c) requires the submission of the following, by the purchaser/transferee, to the Office of Finance:

- 1) Citation of the relevant provision of the U.S. Constitution or California Constitution exempting the transferee from the taxing power of the City; AND
- 2) A written opinion signed by a licensed attorney in the State of California, in good standing, on the transferee's exemption from the taxing power of the City under the U.S. Constitution or California Constitution

To apply for an exemption under this category, eligible purchasers and sellers must submit the required documentation to the City of Los Angeles Office of Finance.

Please contact the Office of Finance with any questions at:

[finance.ula@lacity.org](mailto:finance.ula@lacity.org)

#### **Section 4: Review Process, Determination Letters and Requests for Redetermination**

Upon receipt of an exemption eligibility request, LAHD staff will ascertain whether the request constitutes a complete submission pursuant to Exemptions 21.9.14(A) through 21.9.14(F) of these Guidelines. Requests for eligibility pursuant to Exemptions 21.9.15(a) through 21.9.15(c) are administered by the City of Los Angeles Office of Finance.

Only complete submissions will be considered for approval. Within three (3) business days of receipt of an exemption eligibility request, LAHD staff will inform the requester of any missing items ("Notice of Incompletion"). The requester will have sixty (60) calendar days from the date listed on the Notice of Incompletion to provide supplemental information and/or documentation. Requests will be considered "Pending" during this sixty day period of time. If the requester does not provide the requested information within sixty (60) calendar days of the date listed on the Notice of Incompletion, the request is deemed denied.

LAHD will notify the requester in writing ("Notice of Completion") once a submission has been deemed complete. LAHD has fourteen (14) business days from the date on the Notice of Completion to review the submission ("Review Period") and issue a Determination Letter on Department letterhead approving or denying the requested exemption. During the Review Period, LAHD may determine that the information submitted is deficient. If LAHD makes such a determination, LAHD staff will notify the requester via email and recommend specific changes. In the case of Exemption 21.9.14(F), which requires the production of a covenant, the exemption letter will include the covenant in recordable form and allow 25 business days for recordation.

Although requests for exemption eligibility may be submitted by the transferee, or the Managing Partner or General Partner of the transferee on the transferee's behalf, Exemptions 21.9.14 and 21.9.15 shall only be approved for and assigned to the transferee.

Determination Letters denying a request will contain instructions about the option to initiate a new request. Requests for Redetermination can be initiated via email to [lahd-ula-exemptions@lacity.org](mailto:lahd-ula-exemptions@lacity.org) and are only available after a requester has received a Determination Letter denying a request.