



# ULA EXEMPTIONS TECHNICAL ASSISTANCE

## CITY OF LOS ANGELES

Los Angeles Housing Department

### Questions and Answers

For the United to House Los Angeles Tax Exemption [Eligibility Guidelines](#)

Measure United to House Los Angeles (ULA) was passed by the voters of Los Angeles in November 2022. It enacted an additional documentary transfer tax of 4% on real estate transactions valued over \$5 million and under \$10 million. For real estate transactions valued over \$10 million, the additional documentary transfer tax is 5.5%.

The City of Los Angeles Housing Department (LAHD) administers a technical assistance program for qualified affordable housing organizations to obtain an exemption from the ULA tax. Please be advised that the City of Los Angeles Office of Finance also administers a set of ULA tax exemptions and provides their own [FAQ](#) on this topic.

### Resources and Contact Information

Link to applicant portal: [https://lahd.service-now.com/ula\\_exempt?id=ula\\_exempt\\_sub](https://lahd.service-now.com/ula_exempt?id=ula_exempt_sub)

For LAHD: [lahd-ula-exemptions@lacity.org](mailto:lahd-ula-exemptions@lacity.org)

For the Office of Finance: [finance.ula@lacity.org](mailto:finance.ula@lacity.org)

### Paying the Tax

**Question:** When did the ULA transfer tax go into effect?

**Answer:** The tax is applicable to conveyances of real estate that occur on or after April 1, 2023.

**Question:** Who do we pay the tax to?

**Answer:** The ULA tax is collected at escrow by the Los Angeles County Recorder along with any other local documentary transfer taxes. The portion levied by the City of Los Angeles will ultimately be remitted to the City of Los Angeles Office of Finance.

### Refunds

**Question:** Our organization paid the ULA tax, but would like a refund because we believe we fall into one of the exemption categories. How do we go about requesting the refund?

**Answer:** Refunds are ultimately approved by the City of Los Angeles Office of Finance. You must first obtain an approval letter confirming your exemption before the Office of Finance can process any kind of refund. Depending on the type of exemption you are seeking, you should submit an application to either the Office of Finance or the Los Angeles Housing Department (LAHD)

## Exempt Organization Types

**Question:** We believe we should be exempt from the ULA tax, but are not sure if our exemption request would be reviewed by the Office of Finance or the Los Angeles Housing Department (LAHD).

**Answer:** LAHD administers exemptions that pertain to qualified affordable housing organizations. Qualified affordable housing organizations are:

1. Organizations that operate as nonprofits or are managed by nonprofits, and have experience developing and/or operating affordable housing projects; or
2. Community Land Trusts (CLTs) and Limited Equity Housing Cooperatives (LEHCs) that partner with experienced nonprofits; or
3. CLTs and LEHCs that demonstrate a commitment to recording an affordability covenant on the property being acquired.

The Office of Finance administers exemptions for:

1. Nonprofits who received their IRS 501(c)(3) tax exemption at least 10 years ago and who carry assets of less than one billion dollars; or
2. Government entities, whether state, local, or federal; or
3. Any purchaser who is exempt from the City's taxing power under the state or federal constitutions.

**Question:** We are a nonprofit organization. Are our real estate transactions exempt from the ULA tax?

**Answer:** Not necessarily. LAHD approves ULA exemptions based on the qualifications of the buyer, not the seller. If you are a nonprofit that has experience in developing and/or operating deed-restricted affordable housing, and you are purchasing a property, you may qualify for an exemption. If you believe your organization qualifies, an application for an exemption request should be submitted to LAHD to verify that all requirements are met.

**Question:** We are a nonprofit affordable housing developer, but we're purchasing a property through a special-purpose entity such as a Limited Liability Company (LLC) or Limited Partnership (LP). Would we be exempt from the ULA tax?

**Answer:** Nonprofit affordable housing developers can qualify for the exemption as long as the LLC or LP on title is managed exclusively by nonprofits. Please note that LLCs and LPs can only qualify for the exemption if all Managing General Partners (MGPs) of the entity on title are nonprofits. If you believe your entity qualifies, an application for an exemption request should be submitted to LAHD to verify that all requirements are met.

**Question:** We are a nonprofit affordable housing developer purchasing property in partnership with one or more for-profit entities. Can our transaction still qualify for the exemption with for-profit partners in the deal?

**Answer:** Nonprofit affordable housing developers can qualify for the exemption as long as the LLC or LP on title is managed exclusively by nonprofits. Please note that LLCs and LPs can only qualify for the exemption if all Managing General Partners (MGPs) of the entity on title are nonprofits. However, for-profit entities may participate as non-managing members or limited partners of the acquiring entity. If you believe your entity qualifies, an application for an exemption request should be submitted to LAHD to verify that all requirements are met.

**Question:** We are a Community Land Trust (CLT). Are our real estate transactions exempt from the ULA tax?

**Answer:** There are multiple pathways for CLTs to qualify for an exemption. If the CLT already has experience developing and/or operating deed-restricted affordable housing, and the CLT is purchasing the property outright, you may qualify for an exemption. Alternatively, a CLT without affordable housing experience may partner with an experienced nonprofit via a Limited Liability Company (LLC) or Limited Partnership (LP) to qualify for an exemption. Finally, a CLT without affordable housing experience may also qualify for an exemption by recording an affordability covenant on the property being purchased. If you believe your entity qualifies, an application for an exemption request should be submitted to LAHD to verify that all requirements are met.

**Question:** We are a Limited Equity Housing Cooperative (LEHC). Are our real estate transactions exempt from the ULA tax?

**Answer:** There are multiple pathways for LEHCs to qualify for an exemption. If the LEHC already has experience developing and/or operating deed-restricted affordable housing, and the LEHC is purchasing the property outright, you may qualify for an exemption. Alternatively, an LEHC without affordable housing experience may partner with an experienced nonprofit via a Limited Liability Company (LLC) or Limited Partnership (LP) to qualify for an exemption. Finally, an LEHC without affordable housing experience may also qualify for an exemption by recording an affordability covenant on the property being purchased. If you believe your entity qualifies, an application for an exemption request should be submitted to LAHD to verify that all requirements are met.

**Question:** We are a nonprofit organization without experience developing or operating affordable housing. We believe we should be exempt from the ULA tax because we have less than \$1 billion in assets and received our tax-exempt status more than 10 years ago.

**Answer:** If the organization provides documentation establishing that the timing of its 501(c)3 designation as well as its asset level are consistent with the requirements, it should be eligible for exemption. However, this exemption process is not administered by LAHD. An application should instead be submitted to the Office of Finance to verify that all requirements are met.