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CONTACTS:
Katrina Eroen, Ocean & Mountain • (310) 606-1381 • katrina@oceanmo.com

REPORT: CRITICISMS OF MEASURE ULA'S EFFECT ON THE REAL ESTATE MARKET DON'T ADD UP

Criticisms of the voter-approved affordable housing and renter protection measure include methodological flaws that compromise their arguments and rush to judgment during a too-short, abnormal period.

Multiple signs and data trends support strong confidence in the Los Angeles real estate market

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LOS ANGELES, CA – "Major Research Flaws Undermine Authors' Bold Claims: Unpacking the Debate on Measure ULA," a report released today by researchers and scholars from UCLA, USC, Occidental College and Public Counsel shows that a widely circulated report claiming that Measure ULA reduces multifamily housing development used flawed analysis, ignored the positive benefits of the housing programs it funds, and didn't accurately describe Los Angeles's real estate market.

Since going into effect in April 2023, city dashboards show that Measure ULA has supported development of hundreds of units of new affordable housing, and provided rental assistance and income support to more than 10,000 households. It has also educated almost 100,000 tenants on their rights and accelerated 10,000 construction jobs. Its transfer tax on property sales over $5 million has generated over $450 million over the past year alone and more than $830 million in total.

In April 2025, the UCLA Lewis Center for Regional Policy Studies released two reports claiming that the Measure ULA tax is hurting the Los Angeles real estate market. This report scrutinizes one of those papers, “Taxing Tomorrow: Measure ULA’s Impact on Multifamily Housing Production and Potential Reforms,” by Jason Ward and Shane Phillips, finding that it relies on flawed data and questionable methodology to draw broad, premature conclusions and call for massive changes to Measure ULA.

“To understand development, you have to watch what developers do, not what they say,” said **Joan Ling** (ret.) of the UCLA Urban Planning Department and the Ziman Center for Real Estate. “Developers say they won’t work in LA because of ULA, but then why do we see strong leading indicators of development activity since Measure ULA was passed, evidenced by rising entitlements and steadily growing revenue? The numbers do not support the narrative in the Lewis Center report.”

Contrary to conventional wisdom, multiple signs support strong confidence in the Los Angeles real estate market. Transactions subject to the ULA tax and the resulting revenue have been steadily increasing quarter-over-quarter (with a dip accounted for by the January 2025 fires). At the same time, the LA City Planning Department has reported that the number of housing units that have received entitlements increased 52% from 2022 to 2024, and Los Angeles’s new Citywide Housing Incentive Program (CHIP) — passed as part of the City’s rezoning plan in February 2025 — has already resulted in pre-applications for 17,029 units in under 6 months of the program, suggesting that many developers had been waiting until after the new development incentives were in place before beginning their projects.

“The Ward-Phillips report compared two very short windows pre- and post- Measure ULA,” added Ling. “Before Measure ULA went into effect we had extremely low interest rates and record-high home prices. After, we saw high interest rates, capitalization rates, construction costs and insurance costs. All of this unfolded during a global pandemic and its attendant uncertainties. You simply can’t draw useful conclusions from comparisons across that time period.”

Additionally, the “post” period analyzed in the Ward-Phillips report is one full year shorter than the “pre” period. The short time periods of both make them a poor basis for predictions about the future.

“There’s a story of doom and gloom about real estate in L.A. that developers and observers have been telling each other that doesn’t stand up to reality—and should in no way be used to justify tax exemptions that would cost Los Angeles tens of millions of dollars in affordable housing revenue,” said **Peter Dreier** (ret.), Urban and Environmental Policy Institute, Occidental College. “We want legislators to understand that the work they’ve been shown should not be used to justify making policy.”

Among the significant methodological issues in the Ward-Phillips report is its use of permit data and failure to control for confounding variables.

“The authors overstate the strength of their findings and downplay flaws in their methodology,” said **Greg Bonett**, Public Counsel, Community Development Project. “For example, the report’s central estimate of reduced multifamily housing production appears to be based on a misapplication of a statistical analysis with a small sample size of only 27 projects, a large margin of error, and no controls to account for confounding factors such as changing interest rates or construction costs.”

“We’re eager to see continued study of Measure ULA’s direct effects, such as protecting renters, building affordable housing, and creating jobs, as well as its indirect economic effects, such as those discussed in these reports,” said Bonett. “But we’re going to need more data and more rigorous methods.”

The complete list of authors comprises Greg Bonett, Public Counsel; Jan Breidenbach (ret.), USC; Scott Cummings, UCLA; Peter Dreier, Occidental College; Regina Freer, Occidental College; Joan Ling (ret.), UCLA; Deepika Sharma, USC; Chris Tilly, UCLA; and Madeline Wander, Occidental College.

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