

MOTION

As of November 2024, the median price for a single-family home in California was \$822,200, compared to \$1.2 million in the City of Los Angeles. With an average household income of \$80,366, an overwhelming 70% of Angelenos are struggling to buy family-sized homes, rendering the City the number one most unaffordable city in the United States since the beginning of 2024.

This housing unaffordability crisis is further exacerbated by institutional investors, including single, nonindividual entities such as limited liability companies (LLCs) and corporations, that purchase single-family homes and rent them out at a much higher rate to generate profit. Between 2011-2017, these investors purchased more than 200,000 homes at a total cost of \$36 billion. During the first quarter of 2022, investor purchases of single-family homes surged with an average of 28% per month compared with 19% the previous year. Additionally, these investors are able to outcompete with potential homebuyers by making cash offers and waiving inspections—an attractive offer for sellers of homes in disrepair.

Aside from preventing individuals from buying homes, this activity reduces the number of available homes on the market and increases prices for remaining properties. To protect prospective homebuyers and prevent further depletion of its housing stock, the City should take action against these corporations that seek to disenfranchise its residents.

I THEREFORE MOVE that the City Council instruct the Chief Legislative Analyst and the Housing Department to report back in 60 days on:

- (i) the number of homes owned by limited liability companies and corporations in the City of Los Angeles;
- (ii) options for a ballot measure that would place a tax on corporations that own a significant number of single-family homes (the number should be determined by the data collected);
- (iii) other municipalities that have similar taxes and the revenue that is collected from those taxes.

PRESENTED BY:

*Adrin Nazarian*  
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ADRIN NAZARIAN  
Councilmember, 2<sup>nd</sup> District

SECONDED BY:

*[Signature]*  
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*Katy Yamamoto*

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