

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

C.F. No. 21-1244

Date: November 21, 2022

To: City Clerk

From: Sharon M. Tso, Chief Legislative Analyst *Karen Kalfayan - rg For*

Subject: **REVISED RESOLUTION FOR C.F. 21-1244**

As instructed by the Housing Committee during its meeting on October 26, 2022, the Office of the Chief Legislative Analyst (CLA) has prepared a revised Resolution for the CLA report: *Real Estate Speculation by Large Tech and Private Equity Firms* (C.F. 21-1244, Recommendation #7).

## RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, in 2021, home prices in the State of California increased by 17 percent and in some regions exceeded 20 percent year-over-year; and

WHEREAS, inferred market analysis suggests that investor-bought homes represented approximately 51 percent growth of sales in Southern California from 2020 to 2021, compared to a national average of 20 percent; and

WHEREAS, real estate investors are winning home bidding wars with all cash offers, upzoning and redeveloping housing into luxury properties, and landbanking undeveloped properties, ultimately making properties unaffordable and unavailable for prospective owner-occupant homebuyers in the market; and

WHEREAS, growing real estate speculation in Southern California has inflated home prices and made it increasingly difficult for first-time homebuyers, who do not have equity gains from previous property ownership to leverage funds to purchase property, and are often forced to move out of their communities and away from city and job centers in search of more affordable housing; and

WHEREAS, on February 2, 2022, California Assemblymember Christopher Ward introduced Assembly Bill (AB) 1771 that proposed an additional 25 percent tax on the portion of capital gain from the sale or exchange of residential properties within three years of the purchase of the property; and

WHEREAS, AB 1771 did not pass during the 2021-22 State Legislative Program; and

WHEREAS, tax revenue from AB 1771 would have been allocated to affordable housing development and infrastructure projects; and

WHEREAS, additional tax on capital gains from the sale or exchange of residential properties within three years of the purchase of the property would discourage real estate speculation, the buying and quick selling of homes for a profit, and the driving up of home prices across the State;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by adoption of this Resolution, the City of Los Angeles hereby includes in its 2023-24 State Legislative Program SUPPORT for legislation and/or administrative action to impose an additional 25 percent surtax on the portion of capital gain from the sale or exchange of residential properties within three years of the original purchase of a property.