

← Vacancy Tax Advocacy letter DRAFT

Dear Honorable Council Members,

[name of individual or organization] endorse a resolution calling on the City to study and draft a Vacancy Tax Ordinance and urge you to pledge your support.

The City of Los Angeles is in desperate need of truly affordable housing for its residents, whereby no more than 1/3rd of income is spent on housing. While an increase in housing supply is necessary to alleviate the cost of housing, the construction of new units will take years to impact rising rents. Additional funding sources for affordable housing are necessary to meet the scale of the problem and measures to bring existing units back to the long term housing market will provide immediate relief. To date, 1000s of affordable rental units have been lost to Ellis Act conversions, short term rentals, condominiums and hotel uses via the Transient Occupancy Residential Structure (TORS) overlay. Vacancy rates in areas of the city with large growth in development have recently hit 17 year highs, and industrial vacancy rates have risen a full percentage point from 2017 to 2018, though determining accurate vacancy rates has been historically difficult with publicly available data.

Cities with similar affordable housing shortages such as New York, Vancouver and San Francisco have implemented or are exploring taxes on Vacant Residential and Commercial properties. We call upon The City to instruct the Housing, Community and Investment Department, The Department of Building and Safety and the Department of City Planning, with the assistance of Chief Legislative Analyst and the City Attorney's Office, to study similar laws in other cities prepare and present an Empty Homes and Under-Utilized Property Tax ordinance within 3 months.

The aim of such an ordinance would be to return empty or under-utilized properties to use as long-term rental homes for people who live and work in Los Angeles, and help relieve pressure on Los Angeles's rental housing market, as our city has one of the lowest rental vacancy rates and the highest rental costs in the Country.

Such a tax would also seek to target speculators who own residences in Los Angeles but do not reside in them. If they choose to maintain these properties as empty homes or short term rentals, a tax levied on them would generate revenue for our Affordable Housing Trust fund. Should they wish to avoid this tax, the units would return to the market, providing immediate relief for burdened renters.

In Vancouver, each year, one owner of residential property is required to submit a property status declaration to determine if their property is subject to the tax. Properties deemed empty will be subject to a tax of 1% of the property's assessed taxable value from the previous year. Most homes will not be subject to the tax, as it does not apply to principal residences or homes rented for at least six months of the year; however, all homeowners are required to submit a declaration.

Net revenues from such an Empty Homes Tax will be reinvested into affordable housing initiatives.

We stand resolved that such a Tax would be a vital tool in our ongoing efforts to solve the affordable housing crisis which greatly affects the quality of life for residents of Los Angeles.