

# MOTION BUDGET & FINANCE

In the City of Los Angeles there is an increasing divide between the “haves” and the “have-nots.” While a portion of our residents live luxurious lifestyles, the vast majority of Angelenos are bracing for a worsening economy. Currently, the number of residents who own homes in Los Angeles is declining, forcing less fortunate working families into the costly rental housing market. In addition to paying increasing rents, working families are being asked to pay higher utility fees, thereby further increasing the economic divide.

Fortunately many Angelinos have been incredibly blessed in the City of Los Angeles – and now they will have the opportunity to pay their fair share of the services that are provided to them. The more fortunate residents of the City occupy luxurious mansions, homes which were built well above the normal size in order to provide its inhabitants a comfortable and lavish lifestyle. These mansions often have features such as in-home movie theaters, extravagant heated pools and/or energy-intensive landscaping.

While Los Angeles provides so many opportunities for everyone, the City also endures many economic challenges. In order to improve public safety, provide clean-streets, create public spaces and encourage job creation the City needs to raise more revenue. A Luxury Tax is a fair way to provide an opportunity for those who are receiving a great benefit from our City to give back for the benefit of the greater public good. With this Luxury Tax, affluent residents who own mansions which meet or exceed 5,000 square feet and consume more city services will have a chance to give back to their communities as all of the revenue generated will be directed towards the City’s general fund.

I THEREFORE MOVE that the City Council direct the CLA, CAO, Department of Building and Safety, Department of Planning, City Attorney’s Office and the Los Angeles Department of Water and Power to research, calculate and report on a Luxury Tax which shall be levied on owners of mansions in Los Angeles who live in mansions which meet or exceed 5,000 square feet and utilize more City resources and services.

I FURTHER MOVE that the report include an assessment of the number of single-family dwelling units in single family zones in the City which meet or exceed 5,000 square feet as well as the communities in which these large-scale homes are most prevalent.

I FURTHER MOVE that the report include multiple alternatives with regards to the ways that the Luxury Tax can be assessed and a legal description of each type of tax. One alternative shall present a fee schedule for the Luxury Tax to be incrementally levied on owners of homes with excessive usage of City services as it relates to the size of the home and/or citywide average usage of services. A second alternative shall present a fee schedule which is levied incrementally according to an annual schedule on owners of mansions with an area of 5,000 square feet or more.

<u>Square Feet</u>	<u>Tax</u>
5000 – 5999	\$1,000.00
6000 – 6999	\$2,000.00
7000 – 7999	\$3,000.00
8000 – 8999	\$4,000.00
9000 – 9999	\$5,000.00
10,000 or more	\$6,000.00

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I FURTHER MOVE that the report include information regarding possible exemptions from the Luxury Tax.

I FURTHER MOVE that the report be brought back to Budget and Finance Committee for review within 30 days and that the report outline the necessary steps required to place the measure on the ballot for the next municipal election.

PRESENTED BY



**RICHARD ALARCON**  
Councilmember, 7<sup>th</sup> District

SECONDED BY



MAY 02 2008