

AGENDA REPORT

TO: Edward D. Reiskin **FROM:** Margaret O'Brien

City Administrator Interim Director of Finance

SUBJECT: Delinguent Real Property Transfer **DATE:** February 11, 2021

Taxes

City Administrator Approval — Date: Mar 1, 2021

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Accepting And Confirming Reports Of The City Administrator On The Costs Incurred By The City Of Oakland For Delinquent Real Property Transfer Taxes And Authorizing The Recordation Of Liens With Administrative And Assessment Charges As Necessary Pursuant To Chapter 4.20 Of The Oakland Municipal Code, And Directing The Notice Of Lien And Assessment Charges Be Turned Over To The County Tax Collector For Collection (Option 1); Or

Adopt A Resolution Overruling Protests And Objections And Accepting And Confirming Reports Of The City Administrator On The Costs Incurred By The City Of Oakland For Delinquent Real Property Transfer Taxes And Authorizing The Recordation Of Liens With Administrative And Assessment Charges As Necessary Pursuant To Chapter 4.20 Of The Oakland Municipal Code, And Directing The Notice Of Lien And Assessment Charges Be Turned Over To The County Tax Collector For Collection (Option 2); Or

Adopt A Resolution Continuing Hearing Of The Reports Of The City Administrator On Delinquent Real Property Transfer Taxes And The Recordation Of Liens With Administrative And Assessment Charges As Necessary Pursuant To Chapter 4.20 Of The Oakland Municipal Code (Option 3).

EXECUTIVE SUMMARY

Staff recommends adoption of the proposed Resolution (*Option 1*) which will authorize the placement of liens on real property for unpaid Real Property Transfer Taxes (RPTT) and authorize the subsequent assessment, pursuant to Chapter 4.20 of the Oakland Municipal Code (O.M.C.), should the fees and charges remain unpaid prior to the transfer/recording of said special assessment levies to the Alameda County Tax Collector and Auditor Controller for inclusion on the next property tax roll. All fees, charges and due dates are detailed on taxpayer notices and City Council Hearing notices. The proposed resolution has been prepared confirming the placement of liens on fourteen properties, and authorizing the subsequent assessment for all fees and charges for the period of June 2020 through December 2020, shown in *Attachment A*.

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BACKGROUND / LEGISLATIVE HISTORY

Pursuant to O.M.C. Chapter 4.20, all transfers of real property within Oakland city limits are subject to real property transfer tax. The tax is due upon sale or transfer of an interest of real property and is payable at the time of recordation with the Alameda County Recorder. Prior to January 2019, the tax rate was 1.50 percent of the total value of the consideration transferred, with some exceptions as provided in the O.M.C. Effective January 2019, the tax rate is tiered based on the amount of transfer, with some exceptions as provided in the O.M.C. See table below:

Amount of Transfer	Tax		
\$300,000.00 or Less	1.00%		
More than \$300,000.00 up to \$2,000,000.00	1.50%		
More than \$2,000,000.00 up to \$5,000,000.00	1.75%		
More than \$5,000,000.00	2.50%		

The seller and buyer are jointly and severally liable for payment of the tax as stated in Chapter 4.20 of the O.M.C.

ANALYSIS AND POLICY ALTERNATIVES

Administrative hearings for delinquent real property transfer taxes were held on September 14, 2020, October 5, 2020, December 7, 2020, January 4, 2021, and February 1, 2021 to hear protests and resolve inconsistencies or inequities raised by property owners regarding the non-payment of real property transfer taxes.

Following the administrative hearings, the Finance Director filed with the City Administrator a written notice of those property owners against whom the City will file liens for unpaid taxes, penalties, interest, and other charges. Property owners subject to the recordation of a lien for delinquent RPTT were sent a City Council Lien Notice on February 18, 2021. The proposed resolution confirms the City Administrator's report and authorizes the placement of liens on fourteen properties and authorizing the subsequent assessment for all fees and charges. After a public hearing by the City Council and upon approval of the proposed resolution authorizing the placement of the liens the delinquent charges and assessments that remain unpaid shall constitute a special assessment against said property and shall be collected at the time established by the County Assessor for inclusion in the next property tax assessment.

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FISCAL IMPACT

A list of delinquent real property transfer taxes and administrative fees for the accounts not resolved at the administrative hearings is shown in *Attachment A*. Failure to place these liens will result in the loss of at least \$148,465.66 in General Purpose Fund revenues and \$2,100.00 in administrative fees, for a total of \$150,565.66 over the period of September 2020 through February 2021, subject to ongoing Revenue Management Bureau actions.

PUBLIC OUTREACH / INTEREST

Property owners were notified and administrative hearings for delinquent RPTT were held on September 14, 2020, October 5, 2020, December 7, 2020, January 4, 2021, and February 1, 2021 to hear protests and resolve any inconsistencies or inequities raised by property owners regarding the non-payment of RPTT. Property owners subject to the recordation of a lien for delinquent RPTT were sent a City Council Lien Notice on February 18, 2021, and notified of the public hearing.

The public hearing is considered the time at which the City Council formally opens the public hearing and ends when the City Council formally closes the public hearing. At the public hearing the Council will hear the City Administrator's reports on delinquent RPTT and proposed recordation of liens, along with any objections or protests which may be raised by any of the property owners liable to be assessed for costs incurred for delinquent RPTT, and any other interested persons, such as those that have a right in or claim against the subject property.

COORDINATION

In coordination with the Office of the City Attorney and the Budget Bureau, the agenda report, resolutions, and supporting documents have been reviewed and/or approved for form, legality and fiscal implications.

SUSTAINABLE OPPORTUNITIES

Economic: Revenues fund essential City services, derived from revenues linked to property sales in Oakland.

Environmental: There are no environmental opportunities resulting from the recordation of liens.

Race & Equity: Collections of delinquent real property transfer taxes do not have race and equity implications.

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ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Accepting And Confirming Reports Of The City Administrator On The Costs Incurred By The City Of Oakland For Delinquent Real Property Transfer Taxes And Authorizing The Recordation Of Liens With Administrative And Assessment Charges As Necessary Pursuant To Chapter 4.20 Of The Oakland Municipal Code, And Directing The Notice Of Lien And Assessment Charges Be Turned Over To The County Tax Collector For Collection (Option 1).

For questions regarding this report, please contact Rogers Agaba, Interim Revenue & Tax Administrator, at (510) 238-7009.

Respectfully submitted,

Margaret L. O'Brisn

MARGARET O'BRIEN Interim Director of Finance Finance Department

Reviewed by: Rogers Agaba, Interim Revenue & Tax Administrator

Prepared by: Carmen Q. Mac, Tax Auditor III Audit Section

Attachments (1):
A: R.P.T.T City Council Hearing Listing

			CITY OF OAKLAND							
			CITY OF GARLAND							
		P D T T CITY COL	INICII LIEADINIC LISTINI	EOD 02/16/2021						
	R.P.T.T. CITY COUNCIL HEARING LISTING FOR 03/16/2021									
					INVOICE		ADMIN			
REF	DEBTOR NAME	PROPERTY ADDRESS	PARCEL #	RECORDING #	NUMBER	AMOUNT	FEE	TOTAL		
1	MICHAEL AYERS	3287 MORCOM AVE	036 -2502-157-00	2018109890	RPTT062220-02	\$1,422.48	\$150	\$1,572		
2	CHU EDWARD S	5897 COLLEGE AVE	014 -1269-001-00	2018113169	RPTT100820-02	\$48,993.75	\$150	\$49,144		
3	CLARK CHRISTOPHER P	6984 SIMSON ST	040A-3418-001-00	2018123767	RPTT100820-06	\$1,380.01	\$150	\$1,530		
4	2327 SAN PABLO LLC	2327 SAN PABLO AVE	003 -0021-006-00	2018126104	RPTT100820-08	\$16,959.38	\$150	\$17,109		
5	BAUTISTA EMILIO	5914 TELEGRAPH AVE	016 -1386-012-03	2018116316	RPTT110520-08	\$24,120.00	\$150	\$24,270		
6	LI JEAN P	4902 BROADWAY	013 -1135-225-00	2018153700	RPTT110520-02	\$7,908.08	\$150	\$8,058		
7	ROSE EDWARD A AND JULIA A ET AL	5721 ELIZABETH ST	038 -3240-030-00	2018155244	RPTT110520-06	2012.96	\$150	\$2,163		
8	JOHANNSEN NICHOLAS R	3095 GUIDO ST	029 -1062-010-03	2018158174	RPTT120320-01	7784.52	\$150	\$7,935		
9	RICKETTS DONNA S	1262 EXCELSIOR AVE	023 -0479-014-00	2018158373	RPTT120320-02	15091.69	\$150	\$15,242		
10	HOUZE TERRYE L	4031 PENNIMAN AVE	032 -2055-004-00	2018160989	RPTT120320-04	1178.94	\$150	\$1,329		
11	AVERY DEBORAH D AND GATISON LATRINA M	1721 103RD AVE	047 -5506-016-00	2018161186	RPTT120320-05	3982.36	\$150	\$4,132		
12	ENEA ROBERT S	2847 REGATTA DR	025 -0739-064-00	2018161955	RPTT120320-07	7982.45	\$150	\$8,132		
13	ENEA ROBERT S AND NICO S	2847 REGATTA DR	025 -0739-064-00	2018161956	RPTT120320-08	7982.45	\$150	\$8,132		
14	AVALOS MARIA M AND BARAHONA MARIO B	929 70TH AVE	041 -4151-013-00	2018167781	RPTT120320-10	1666.59	\$150	\$1,817		
		**Interest calculated through March 2021				\$148,465.66	\$2,100	\$150,565		