



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Erin Roseman
Director of Finance

SUBJECT: Delinquent Real Property Transfer
Taxes

DATE: February 28, 2022

City Administrator Approval

Date: Mar 3, 2022

RECOMMENDATION

Staff Recommends That The City Council Conduct a Public Hearing and Upon Conclusion 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; 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.

EXECUTIVE SUMMARY

Staff recommends adoption of one of the proposed resolutions which will authorize the placement of liens on real property for unpaid City of Oakland 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 resolutions will confirm the placement of liens on eleven properties, and authorize the subsequent assessment for all fees and charges for the period of September 2021 through November 2021, as shown in **Attachment A**.

City Council
March 15, 2022

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 1** below for current rates:

Table 1: Current Tax Rates

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

The recommended action is to place a lien on the property that would ensure the collection of delinquent taxes. A lien effectively makes the property as a collateral for the taxes owed. The collection of taxes is necessary to pay the usual and current expenses of conducting the affairs and priorities of the City, as set by the City Council.

Administrative hearings for delinquent real property transfer taxes were held on November 1, 2021, December 6, 2021, and January 3, 2022 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 17, 2022. The proposed resolution confirms the City Administrator's report and authorizes the placement of liens on eleven 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.

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 \$67,568.54 in General Purpose Fund revenues and \$1,650.00 in administrative fees, for a total of \$69,219.00 over the period of September 2021 through November 2021, subject to ongoing Revenue Management Bureau actions.

PUBLIC OUTREACH / INTEREST

Property owners were notified of the administrative hearings held on June 7, 2021, July 12, 2021, September 13, 2021, and October 4, 2021, and afforded an opportunity to protest the delinquent RPTT or to resolve any inconsistencies or inequities regarding the non-payment of RPTT. The initial letter to the homeowner also provided a 60 day window to make a payment as well as the City's procedure to lien the property if the account is unpaid after 60 days. Property owners subject to the recordation of a lien for delinquent RPTT were sent a City Council Lien Notice on February 17, 2022, 4 weeks prior to the public hearing, to allow additional time to resolve the account with staff prior to the 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: Race and equity implications are currently unknown for the collection of delinquent real property transfer taxes.

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.

For questions regarding this report, please contact Margaret O'Brien, Revenue & Tax Administrator, at (510) 238-7480.

Respectfully submitted,



ERIN ROSEMAN
Director of Finance
Finance Department

Reviewed by:
Margaret O'Brien, Revenue & Tax Administrator

Prepared by:
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Supervisor

Attachments (1):

Attachment A: R.P.T.T City Council Hearing Listing

