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OFFICE OF THE CITY CLERK
OAKLAND

2019 SEP -5 PM 11: 17

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Adam Benson
Director of Finance

SUBJECT: Delinquent Real Property Transfer
Taxes

DATE: August 26, 2019

City Administrator Approval

Date:

9/5/19

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 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 2); 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 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 5 properties, and authorizing the subsequent assessment for all fees and charges for the period of August 2018 through May 2019, shown in **Attachment A**.

Item: _____
City Council
September 17, 2019

BACKGROUND / LEGISLATIVE HISTORY

Pursuant to O.M.C. Chapter 4.20, all transfers of real property within the city limits of Oakland are subject to the 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. For the period August 2018 through December 2018, the tax rate was 1.50 percent of the total value of the consideration transferred, with some exceptions as provided in the OMC. Effective January 2019, the tax rate is tiered based on the amount of transfer, with some exceptions as provided in the OMC. 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

Property owners subject to the recordation of a lien for delinquent RPTT were sent a City Council Lien Notice on August 26, 2019.

Administrative hearings for delinquent real property transfer taxes were held on May 7, 2018, February 4, 2019, March 4, 2019, and May 6, 2019 to hear protests and resolve inconsistencies or inequities raised by property owners regarding the non-payment of real property transfer taxes. A resolution has been prepared confirming the placement of liens on 5 properties and authorizing the subsequent assessment for all fees and charges.

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. If these amounts remain unpaid or unresolved after a public hearing by the City Council, the City Council shall authorize by resolution the recordation of liens on the subject properties for costs incurred for delinquent real property transfer taxes, and additional administrative charges and assessments. The delinquent charges and assessments 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 \$39,779.88 in General Purpose Fund revenues and \$750.00 in administrative fees, for a total of \$40,529.88 over the period of August 2018 through May 2019, subject to ongoing Revenue Management Bureau actions.

PUBLIC OUTREACH / INTEREST

Property owners were notified and administrative hearings for delinquent RPTT were held on May 7, 2018, February 4, 2019, March 4, 2019, and May 6, 2019 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 Council Lien notice on August 26, 2019.

COORDINATION

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

SUSTAINABLE OPPORTUNITIES

Economic: Collections of delinquent real property transfer taxes have major economic implications for the City's sustainability. The revenue source is relied upon to fund essential City services.

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

Social Equity: Collections of delinquent real property transfer taxes have significant social equity implications for the City's sustainability. The revenue source is relied upon to fund essential City services to all citizens and taxpayers.

ACTION REQUESTED OF THE CITY COUNCIL

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 (**Option 1**).

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

Respectfully submitted,



Adam Benson
Director of Finance

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

Prepared by:
Carmen Q. Mac, Tax Auditor III
Revenue Management Bureau

Attachment (A):
A: *R.P.T.T City Council Hearing Listing*

FILED
OFFICE OF THE CITY CLERK
OAKLAND


City Attorney's Office

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OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

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

WHEREAS, pursuant to Chapter 4.20, of the Oakland Municipal Code (“OMC”), following administrative hearings the City Administrator filed with the City Clerk the reports concerning the costs incurred for delinquent real property transfer taxes and recordation of liens with added administrative charges and assessment charges on hereinafter described real property for the period of August 2018 through May 2019; and

WHEREAS, attached hereto and incorporated herein is *Attachment A*, which includes a listing of all properties subject to the lien and special assessment levy by the County Assessor; and

WHEREAS, the date of **September 17, 2019** and the time **6:30 p.m.**, was fixed as the day and hour of the public hearing for the Council to hear said reports, together with any objections or protests which may be raised regarding the delinquent real property transfer taxes; and

WHEREAS, pursuant to OMC 4.20.200, notice was served upon the transferor or transferee of said properties not less than five days prior to the time fixed for the public hearing; and

WHEREAS, no protest were made at said hearing; now, therefore be it

RESOLVED: That the reports that the City Administrator filed with the City Clerk concerning delinquent real property transfer taxes and the recordation of liens with administrative charges for the real property described in Attachment A, attached hereto and incorporated herein, are hereby accepted and confirmed, and assessments are hereby authorized to be levied upon the properties described in Attachment A in the amount set opposite each description for costs incurred for delinquent real property transfer taxes, added administrative charges and assessment charges; and be it

FURTHER RESOLVED: That if said assessment therein levied is not paid before the 10th day of August 2020, the City Administrator shall present an itemized report to the Auditor Controller of the County of Alameda, State of California, to be placed on the 2020-2021 County Tax Roll.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND
PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California