

# **AGENDA REPORT**

TO:	Edward D. Reiskin City Administrator		Erin Roseman Director of Finance	
SUBJECT:	Delinquent Real Property Transfer Taxes	DATE:	May 17, 2021	
City Administrator Approval		Date:	May 27, 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 eighteen properties, and authorizing the subsequent assessment for all fees and charges for the period of January 2020 through March 2021, shown in **Attachment A.** 

### 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	Тах		
\$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 November 2, 2020, December 7, 2020, March 1, 2021, April 5, 2021, and May 3, 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 June 3, 2021. The proposed resolution confirms the City Administrator's report and authorizes the placement of liens on eighteen 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 \$126,124.82 in General Purpose Fund revenues and \$2,700.00 in administrative fees, for a total of \$128,824.94 over the period of January 2020 through March 2021, subject to ongoing Revenue Management Bureau actions.

## **PUBLIC OUTREACH / INTEREST**

Property owners were notified and administrative hearings for delinquent RPTT were held on November 2, 2020, December 7, 2020, March 1, 2021, April 5, 2021, and May 3, 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 June 3, 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.

## 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 Margaret O'Brien, Revenue & Tax Administrator, at (510) 238-7480.

Respectfully submitted,

Erin Roseman

Erin Roseman (May 26, 2021 09:06 PDT)

ERIN ROSEMAN Director of Finance Finance Department

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

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

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

CITY OF OAKLAND												
R.P.T.T. CITY COUNCIL HEARING LISTING FOR 06/15/2021												
					INVOICE		ADMIN					
REF	DEBTOR NAME	PROPERTY ADDRESS	PARCEL #	<b>RECORDING #</b>	NUMBER	AMOUNT	FEE	TOTAL				
1	Christian Riste	10623 International Blvd	045 -5195-003-00	2017264805	RPTT010220-02	\$6,166.88	\$150	\$6,317				
2	2327 SAN PABLO LLC	2327 SAN PABLO AVE	003 -0021-006-00	2018126104	RPTT100820-08	\$17,339.06	\$150	\$17,489				
3	FUNG EDWARD	1344 E 32ND	022 -0385-010-00	2018130212	RPTT121120-02	\$5,151.82	\$150	\$5,302				
4	LUSSIER CLAIRE	3050 UNION ST	005 -0462-036-00	2018133948	RPTT121120-03	\$9,697.83	\$150	\$9,848				
5	WARD ELIZABETH AND SAADIQ JAMAL	2038 85TH AVE	043 -4569-020-00	2018200340	RPTT010721-09	\$615.26	\$150	\$765				
6	KHAIRA DAVINDER S AND PUENTES JONATHAN J	5015 MELROSE AVE	035 -2370-002-00	2018201414	RPTT010721-10	\$11,993.39	\$150	\$12,143				
7	PAUL REGINALD WAYNE AND PAUL SHARYL	1565 77TH AVE	040 -3321-010-00	2020042650	RPTT010721-07	\$12,866.35	\$150	\$13,016				
8	FATEMI YASMIN & ROSTAM	1 EMBARCADERO W 156	018 -0506-182-00	2018130045	RPTT012721-02	\$4,408.70	\$150	\$4,559				
9	CHAVEZ SALVADOR S & AGUILAR MAXINE	1772 81ST AVE	040 -3366-001-00	2018132364	RPTT012721-05	\$1,520.06	\$150	\$1,670				
10	LEI ZI C ET AL	2129 19TH AVE	021 -0289-003-00	2018134043	RPTT012721-04	\$606.03	\$150	\$756				
11	LIANG WEI MIN	1919 E 27TH ST	022 -0352-028-00	2018140022	RPTT020321-02	\$6,942.64	\$150	\$7,093				
12	PHAN ANGELA H & NGA	1808 E 15TH ST	020 -0164-019-00	2018142978	RPTT020321-03	\$7,190.92	\$150	\$7,341				
13	TAYLOR JON E & NATHANIEL CALONE C	460 59TH ST	016 -1386-004-00	2018143900	RPTT020321-04	\$4,457.51		\$4,608				
14	SHAH APARNA V AND TENA JOEL	3157 ARIZONA ST	028 -0972-033-00	2018209708	RPTT020421-09	\$4,413.47		\$4,563				
-	AYALA JORGE & MARTIN CARINA A	5227 WENTWORTH AVE	035 -2365-005-00	2018147295	RPTT021021-03	\$4,145.63		\$4,296				
-	MOSS LINDA AND MOORE STACEY	4017 WEST ST	012 -1017-018-00	2018229089	RPTT030421-01	\$2,388.79		\$2,539				
17	LIU MEILI	3422 KANSAS ST	028 -0958-012-05	2018229475	RPTT030421-06	\$17,193.75		\$17,344				
18	SAWHNEY NARESH AND SUJATA	5918 FORTUNE WAY	038 -3202-010-01	2018231138	RPTT030421-09	\$9,026.73	\$150	\$9,177				
	**Interest calculated through June 2021				¢120 124 02	ća 700 00	\$128,824.94					
		Interest calculated throu	Ign June 2021			\$126,124.82	<i><b>Ş</b>2,700.00</i>	\$128,824.94				