



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: 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**.

City Council
June 15, 2021

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 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

[illegible]