



# PUBLICAN'S POSTINGS



## Tax Defaulted Properties

Mr. Larson (not his real name) objected to his property being auctioned because he claimed that he had been defrauded by a partner who had taken out a debt on his property, whom he had fought for 13 years. He briefly lost title to his property and was not even allowed to enter it.

Mr. Washington objected to the auction because his church was working with the assessor's office to get a proper exemption for the house it had bought.

Three contiguous vacant lots in West Oakland would be perfect for low-income housing. But they are owned by a non-profit that no longer exists. They are up for auction.

Ms. Carson inherited her home from her parents but has no income to pay the property taxes. She is taking care of her disabled sister.

Mr. Jones was a wealthy man, but he had other financial priorities, and stopped paying his property taxes. He is finally paying his taxes after 10 years of delinquencies, 2 weeks before his properties were to be auctioned.

Denise lives on a lot that is a homeless encampment, that is owned by the same non-existent nonprofit as above. No taxes have been paid and this property is to be auctioned.

Ms. Duer began construction on an Oakland city lot, and it became too expensive, so she abandoned the project. The lot, with wooden forms ready for concrete, will be auctioned.

Other properties have no voice. They sit there alone in a neighborhood, up in the Berkeley/Oakland hills or next to a City of Oakland Park. They would be perfect to protect for public space. Other properties are unwanted because of the liens imposed for blight; other properties have too much toxic contamination to appeal to anyone.

There are those properties where the property is in such disrepair and, due to their medical conditions or financial hardship, the property owner cannot make the necessary repairs. They are able to claim the excess proceeds from the sale at auction and have been able to get the medical attention they need with the funds or purchase property elsewhere at a more affordable rate.

Then, there are dozens of others for which we don't know their story. The taxpayer is afraid to talk to us, doesn't answer the door or their phone.

There are many reasons why properties in Alameda County go tax-delinquent. There are many reasons why many of those properties should not go to the annual Tax Collector's auction, even though the letter of law may demand that this happen.

As the tax collector, it is a huge responsibility to decide what to do.

Let me explain the law:

Revenue and Taxation Code (R&TC) Section 3691 states that the tax collector has the power to sell and shall attempt to sell tax-defaulted property, which is basically property for which the original defaulted year has reached five years of default. Section 3692.4 discusses provisions by which a county, a city, or an eligible non-profit organization can acquire

property which will provide housing directly related to low-income persons. This section and subsequent sections (3695) describe the conditions under which these institutions can object to a sale under Chapter 8. Section 3698.8, states that that “the tax collector, upon the recommendation of county counsel, may remove a parcel from the tax sale if it is deemed the removal is in the best interest of the county.”

As tax collector, I am directed by state law to hold an auction (not on the courthouse steps, we opt for an on-line auction) and sell the properties to the highest bidder. The bidder must pay us an amount which is equal to the unpaid taxes, plus any penalties and interest we have imposed, and any special assessments assessed to the property taxes and any associated costs. Other lien holders, including recorded mortgage holders, have to collect their money from excess proceeds, which is the amount we collect from a bidder which exceeds \$150.00 of the amounts owed to us.

The auction is generally held in late March; the 2020 auction was March 20th.

Since I have been the Treasurer-Tax Collector, I have been focusing on making sure that public jurisdictions and non-profits in the county became aware of properties that could be turned into low-income housing. Under my predecessor, Don White, a non-profit (Hello Housing) was able to buy 26 properties, mostly vacant lots, because the City of Oakland waived the penalties that had been imposed. Another non-profit (Bay Area Community Services) is taking over a larger property in downtown Oakland to provide services and shelter to homeless individuals.

The law directing me to sell these properties at a public auction has a bias toward using the private sector. In general, the law is useful for private development: buy the property, improve it, sell it. However, as we have recently been taught by the Moms4Housing, sometimes private development isn't the best way.

However, the public sector is not set up to do development. There have been many times in the past when the County has given public jurisdictions the right to develop tax-defaulted properties into low income housing, and it hasn't been able to carry this out.

What is the solution? Because there are many stories that lead to tax-defaulted properties, there will be different solutions:

Some of the properties will be solved by the taxpayer being approved for the welfare exemption.

Some of the properties will be solved by a public jurisdiction using the lots for public space, to attach to parks, perhaps for urban farming.

Some of the properties will be solved by a public jurisdiction or a non-profit developer building low-income housing.

Some properties may be able to be purchased with donations, and then sold to affordable-housing developers.

Some of the properties will be solved by finding out a way to allow marginal/low income/elderly homeowners to stay through either a loan (perhaps a reverse mortgage) or selling to either a private or non-profit organization.

Finally, some of the properties will and should be sold to private developers, who will do what the private sector does best. Sometimes the profit motive will enable development faster than the public sector, which gets tied up in bureaucracy. The private sector can use less expensive labor, knows how to do marketing, and can adjust pricing more quickly.

All I can say is that as Tax Collector, I intend to stay as flexible as I can, to find the right solution to fit each problem.