

File No. 231070

Committee Item No. \_\_\_\_\_

Board Item No. 31

# COMMITTEE/BOARD OF SUPERVISORS

## AGENDA PACKET CONTENTS LIST

Committee: \_\_\_\_\_

Date: \_\_\_\_\_

Board of Supervisors Meeting

Date: February 27, 2024

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### OTHER

- Assessor-Recorder Report \_\_\_\_\_
- Recorded Notice of Delinquent Real Property Transfer Taxes and  
Deficiency Determination - 10/13/22 \_\_\_\_\_
- Assessor-Recorder Letter - 10/13/23 \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Prepared by: Lisa Lew

Date: February 23, 2024

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

1 [Report of Delinquent Real Property Transfer Taxes - 174 Ellis Street]

2

3 **Resolution confirming report of delinquent real property transfer tax under Business**  
4 **and Tax Regulations Code, Section 1115.1(c), for Assessor’s Parcel Block No. 0326, Lot**  
5 **No. 010 (174 Ellis Street); and directing transmission of said report to the Controller**  
6 **and Tax Collector for collection and deposit into the General Fund.**

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8 WHEREAS, The Office of the Assessor-Recorder issued a demand letter to the owner  
9 of Assessor’s Parcel Block No. 0326, Lot No. 010 (174 Ellis Street) for unpaid transfer tax  
10 liability, plus penalties and interest, and per Section 1115(d) of Article 12-C of the Business  
11 and Tax Regulations Code, recorded a Notice of Delinquent Real Property Transfer Taxes,  
12 and mailed a copy of the recorded notice, indicating that the Assessor-Recorder would initiate  
13 lien proceedings if the delinquency was not paid; and

14 WHEREAS, On October 16, 2023, the Assessor-Recorder requested that the Board of  
15 Supervisors initiate proceedings to impose a lien under Business and Tax Regulations Code,  
16 Section 1115.1(a) for the total unpaid balance against the real property transferred December  
17 31, 2019, Assessor’s Parcel Block No. 0326, Lot No. 010 (174 Ellis Street), and confirm costs  
18 outlined in said Report of Delinquent Real Property Transfer Taxes; now, therefore, be it

19 RESOLVED, That the Report of Delinquent Real Property Transfer Taxes is hereby  
20 confirmed by the Board of Supervisors for Assessor’s Parcel Block No. 0326, Lot No. 010  
21 (174 Ellis Street); and, be it

22 FURTHER RESOLVED, That a copy of this Resolution and a copy of the Report of  
23 Delinquent Real Property Transfer Taxes confirmed by the Board of Supervisors shall be  
24 transmitted to the Controller and the Tax Collector of the City and County, whereupon it shall  
25 be the duty of said officers to add the amount of the delinquent transfer tax, penalties, and

1 interest to the next regular bill for property taxes levied against the respective parcel of land,  
2 and shall be collected at the same time and in the same manner as ordinary City and County  
3 property taxes are collected, and shall be subject to the same procedure under foreclosure  
4 and sale in case of delinquency under the laws of the City and County and of the State of  
5 California; and, be it

6 FURTHER RESOLVED, That all monies received in payment of the transfer tax,  
7 interest and penalties shall be credited to the General Fund.

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\_\_\_\_\_/s/\_\_\_\_\_  
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Recommended  
Joaquín Torres  
Assessor-Recorder

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**Report to the City and County of San Francisco Board of Supervisors  
Pursuant to San Francisco Business and Tax Regulations Code Section 1115.1(a)  
174 Ellis Street, San Francisco**

The San Francisco Assessor-Recorder has determined that insufficient transfer tax was paid when the real property located at 174 Ellis Street changed ownership on December 31, 2019 due to a legal entity ownership change involving Merritt Community Capital Fund VII L.P., MM Preservation, L.P. and Taylor Family Housing, Inc. (the persons liable for the tax pursuant to San Francisco Business and Tax Regulations Code Section 1103(a).) Transfer tax was not paid for this event and became delinquent on January 30, 2020.

A Notice of Delinquent Real Property Transfer Taxes and Deficiency Determination was recorded on October 13, 2022 as Document # 2022094023 (attached); the delinquent taxes, penalties and interest total \$338,422.50 (as of November 15, 2022). As of October 15, 2023, the delinquent taxes, penalties and interest will total \$360,450 due to an additional eleven months of accrued interest; interest will continue to accrue at a rate of 1% a month, or fraction thereof, on the amount of delinquent tax, exclusive of penalties and interest.

Pursuant to San Francisco Business and Tax Regulations Code section 1115.1, the Assessor-Recorder requests that the Board initiate proceedings to impose a lien for the unpaid tax, together with penalties and interest, against the real property described in the attached Notice of Delinquent Real Property Transfer Taxes, and summarized below.

Property Location/Situs: 174 Ellis Street  
Assessor's Parcel Numbers: 0326-010  
Change in Ownership Date: 12/31/2019  
Delinquency Date: 01/30/2020

Responsible Person(s): Merritt Community Capital Fund VII L.P.  
MM Preservation L.P.  
Taylor Family Housing, Inc.

C/O TNDC  
201 Eddy Street  
SAN FRANCISCO CA 94102

Recording Request by and when  
Recorded return to:



Doc # **2022094023**

City and County of San Francisco  
Office of the Assessor-Recorder  
1 Dr. Carlton B. Goodlett Place  
City Hall, Room 190  
San Francisco, CA 94102

**City and County of San Francisco**  
**Joaquin Torres, Assessor – Recorder**  
10/13/2022 10:43:46 AM Fees \$0.00  
Pages 1 Title 345 AM Taxes \$0.00  
Customer 023 Other \$0.00  
SB2 Fees \$0.00  
Paid \$0.00

**NOTICE OF DELINQUENT REAL PROPERTY TRANSFER TAXES  
AND DEFICIENCY DETERMINATION**

*(Filed pursuant to San Francisco Business and Tax Regulations Code Section 1115)*

**THIS IS TO NOTIFY YOU THAT TAX LIEN PROCEEDINGS WILL BE INITIATED IF PAYMENT OF  
OUTSTANDING TAXES, PENALTIES, and INTEREST ARE NOT REMITTED WITHIN 30 DAYS OF THIS NOTICE**

The Responsible Entities named herein are liable to the City and County of San Francisco for the total unpaid delinquent transfer taxes, penalties and interest for the properties as set forth herein:

Property Location/Situs: 174 Ellis Street  
Assessor's Parcel Numbers: 0326-010  
Change in Ownership Date: 12/31/2019  
Delinquency Date: 1/30/2020  
Responsible Person(s): Merritt Community Capital Fund VII LP  
MM Preservation LP  
Taylor Family Housing, Inc.

The Responsible Person(s) is liable to the City and County of San Francisco for the total unpaid amount as set forth below:

Tax Paid	\$0.00
Total Tax Due	\$200,250.00
Delinquent Amount	<b>\$200,250.00</b>
+ 25% Delinquency Penalty	<b>\$50,062.50</b>
+ 10% Delinquency Penalty	<b>\$20,025.00</b>
+ Interest (@ 1%/mo)	<b>\$68,085.00</b>
<b>TOTAL Due if paid by 11/15/2022</b>	<b>\$338,422.50</b>

The total amount due includes penalties and interest. Additional interest will continue to accrue at the rate of one (1.0) percent per month as prescribed by law.

Under San Francisco Business and Tax Regulations Code Section 1115.1, if the total amount due is not remitted within 30 days of the recordation date of this notice, this office will initiate proceedings at a noticed hearing before the San Francisco Board of Supervisors to impose a lien for the unpaid tax, together with penalties and interest, against the real property described in this delinquency notice.



Joaquín Torres, Assessor-Recorder  
City and County of San Francisco

By:   
Kurt Fuchs, Recording and Transactions Manager

Dated: 10/13/22



October 13, 2023

Angela Calvillo, Clerk of the Board  
Board of Supervisors  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

**RE: Requesting that the Board of Supervisors Initiate Tax Lien Proceedings under San Francisco Business and Tax Regulations Code section 1115.1 for Delinquent Real Property Transfer Taxes – 174 Ellis Street, San Francisco**

Dear Ms. Calvillo:

The Assessor-Recorder hereby submits the attached Report to the City and County of San Francisco Board of Supervisors Pursuant to San Francisco Business and Tax Regulations Code Section 1115.1(a) for 174 Ellis Street, San Francisco (“Report”) to the City and County of San Francisco Board of Supervisors under Section 1115.1(a) of Article 12-C of the San Francisco Business and Tax Regulations Code. This matter involves delinquent real property transfer taxes related to the transfer of real property located at 174 Ellis Street resulting from the December 31, 2019 legal entity ownership change involving MM Preservation L.P., Taylor Family Housing, Inc., and Merritt Community Capital Fund VII L.P.. The delinquent transfer tax, penalties and interest totaled \$338,422.50 (as of November 15, 2022). As of October 15, 2023, the delinquent taxes, penalties and interest will total \$360,450 due to an additional eleven months of accrued interest; interest will continue to accrue at a rate of 1% a month, or fraction thereof, on the amount of delinquent tax, exclusive of penalties and interest.

On December 31, 2019, Taylor Family Housing purchased a 99.99% membership interest in MM Preservation, L.P., the legal entity holding title to the real property located at 174 Ellis Street (Assessor Parcel Number 0326-010).

On December 7, 2021, the Assessor-Recorder became aware that this was an assessable change in ownership event for both property taxes and transfer taxes, and that transfer taxes were due on the fair market value of the property transferred.

On October 4, 2022, the Assessor-Recorder determined that the fair market value of the real estate, exclusive of non-realty, tangible and intangible personal property, as of December 31, 2019 was \$8,900,000, resulting in a transfer tax liability of \$200,250.

On October 13, 2022, the Assessor-Recorder recorded a Notice of Delinquent Real Property Transfer Taxes and Deficiency Determination on the property as Document # 2022094023. The total amount due was \$338,422.50, comprised of \$200,250 of additional taxes and \$138,172.50 in penalties and interest (if paid by November 15, 2022).

The same day, the Assessor-Recorder issued a demand letter via certified US Mail and email to all parties for the unpaid transfer tax liability, plus penalties and interest per Section 1115 of Article 12-C of the City and County of San Francisco Business and Tax Regulations Code. A copy of the recorded Notice of Delinquent Real Property Transfer Taxes and Deficiency Determination was included in the demand letter. The demand letter included language indicating that the Assessor-Recorder would initiate lien proceedings if the delinquency was not paid by November 15, 2022.

On November 10, 2022, the Assessor-Recorder received notification from the taxpayer through its partner, TNDC, that it was considering not paying the transfer tax because it could not afford to and because it questioned the valuation used as the tax basis. The Assessor-Recorder reached out to the taxpayer on December 12, 2022 to inquire about payment and to advise the taxpayer of the Assessment Appeals Board process to dispute the property tax valuation, explained the transfer tax refund process, and advised the taxpayer that interest will continue to accrue until payment is made.

On August 1, 2023, the Assessor-Recorder again reached out to the taxpayer to inquire about payment and to advise that if payment was not received, the Assessor-Recorder would initiate lien proceedings.

Based on the foregoing and the attached Report, the Assessor-Recorder requests the City and County of San Francisco Board of Supervisors initiate proceedings to impose a lien under San Francisco Business and Tax Regulations Code section 1115.1 for the total unpaid balance for the December 31, 2019 transfer of real property located at 174 Ellis Street (APN 0326-010).

Sincerely,

A handwritten signature in black ink, appearing to read 'JQ Torres', with a stylized flourish at the end.

Joaquín Torres  
Assessor-Recorder

**From:** [Lung, Holly \(ASR\)](#)  
**To:** [BOS Legislation, \(BOS\)](#)  
**Cc:** [Somera, Alisa \(BOS\)](#); [Cancino, Juan Carlos \(ASR\)](#)  
**Subject:** Transfer Tax Lien Proceeding - 174 Ellis Street  
**Date:** Friday, October 13, 2023 4:07:17 PM  
**Attachments:** [174 Ellis NOD 2022094023.pdf](#)  
[LTR 174 Ellis Delinquency - Cover Letter to COB.pdf](#)  
[RPT 174 Ellis Delinquency - Report to BOS.pdf](#)  
[RES 174 Ellis Delinquency.DOCX](#)

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Hello Jocelyn,

On behalf of the Office of the Assessor-Recorder, I am submitting the Resolution - Report of Real Property Transfer Tax along with the supporting documents for 174 Ellis Street (APN 0326-010). If you have any questions, please let me know.

Thank you for your assistance!

Kind regards,  
Holly

Holly Lung 龍聖如 (she/hers)  
Director of Public Affairs  
Office of the Assessor-Recorder  
City and County of San Francisco  
Phone: 628-652-8265, [www.sfassessor.org](http://www.sfassessor.org)

*"Together, we work to ensure the financial stability of San Francisco. We seek to advance the principles of antiracism, equity, integrity and excellence, in service to our diverse constituents and communities."*