

File No. 200448

Committee Item No. _____

Board Item No. 21

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: _____

Date: _____

Board of Supervisors Meeting

Date: June 2, 2020

Cmte Board

- Motion
- Resolution
- Ordinance
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- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
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- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

OTHER

- Assessor-Recorder Notice of Delinquency - 03/04/20
- _____
- _____
- _____
- _____
- _____
- _____
- _____

Prepared by: Lisa Lew

Date: May 29, 2020

Prepared by: _____

Date: _____

1 [Report of Delinquent Real Property Transfer Taxes]

2

3 **Resolution confirming report of delinquent real property transfer tax under**
4 **Business and Tax Regulations Code, Section 1115.1(c), for Assessor's Parcel Block**
5 **No. 0269, Lot No. 004 (364 Bush Street), and directing transmission of said report to**
6 **the Controller and Tax Collector for collection and deposit into the General Fund.**

7

8 WHEREAS, The Office of the Assessor-Recorder issued demand letters to the owners
9 of Assessor's Parcel Block No. 0269, Lot No. 004 (364 Bush 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
13 initiate lien proceedings if the delinquency was not paid; and

14 WHEREAS, On May 4, 2020, 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 by
17 Document 2018-K590503, Assessor's Parcel Block No. 0269, Lot No. 004 (364 Bush Street),
18 and confirm costs outlined in said Report of Delinquent Real Property Transfer Taxes; now,
19 therefore, be it

20 RESOLVED, That the Report of Delinquent Real Property Transfer Taxes is
21 hereby confirmed by the Board for Assessor's Parcel Block No. 0269, Lot No. 004 (364
22 Bush Street); and, be it

23 FURTHER RESOLVED, That a copy of this Resolution and a copy of the Report of
24 Delinquent Real Property Transfer Taxes confirmed by the Board shall be transmitted to
25 the Controller and Tax Collector of the City and County, whereupon it shall be the duty of

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

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

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10 /s/
11 **Recommended**
12 **Carmen Chu**
13 **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)
364 Bush Street, San Francisco**

The San Francisco Assessor-Recorder has determined that insufficient transfer tax was paid on the transfer of real property located at 364 Bush Street resulting from the March 9, 2018 legal entity ownership change involving SBUS Bush Street LLC. Transfer taxes for this event were cashiered on March 16, 2018 as Document # 2018-K590503.

A Notice of Delinquent Real Property Transfer Taxes and Deficiency Determination was recorded on March 4, 2020 as Document # 2020-K911290 (attached); the delinquent taxes, penalties and interest total \$308,700 (as of May 4, 2020).

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:	364 Bush Street
Assessor's Parcel Number:	0269-004
Document Number:	2018-K590503
Change in Ownership Date:	3/9/2018
Delinquency Date:	4/8/2018
Grantee:	Royal Phoenix, LLC 15 Harbor Park Dr. Port Washington, New York 11050
Grantor:	SBUS Bush Street, LLC 68 Southfield Ave Stamford, CT 06902

Recording Request by and when
Recorded return to:

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



San Francisco Assessor-Recorder
Carmen Chu, Assessor-Recorder
DOC- 2020-K911290-00

Acct 23-San Francisco County Recorder
Wednesday, MAR 04, 2020 10:55:21
Ttl Pd \$0.00 Rcpt # 0006167578
oar/AB/1-1

**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: 364 Bush Street
Assessor's Parcel Numbers: 0269-004
Change in Ownership Date: 3/9/2018
Delinquency Date: 4/8/2018
Responsible Person(s): SBUS Bush Street LLC
Royal Phoenix LLC

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 on 3/16/18	\$9,000
Total Tax Due	<u>\$201,938</u>
Delinquent Amount	\$192,938
+ 25% Delinquency Penalty	\$48,234
+ 10% Delinquency Penalty	\$19,294
+ Interest (@ 1%/mo)	<u>\$46,305</u>
TOTAL Due if paid by 4/2/2020	\$306,771

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.



Carmen Chu, Assessor-Recorder
City and County of San Francisco

By: 
Kurt Fuchs, Recording and Transactions Manager

Dated: 3/4/2020



May 4, 2020

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 – 364 Bush 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 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 364 Bush Street resulting from the March 9, 2018 legal entity ownership change involving SBUS Bush Street LLC. The amount of delinquent transfer tax, penalties and interest totals \$308,700 (as of May 4, 2020), as further described below.

On March 9, 2018, Royal Phoenix, LLC purchased a 60% membership interest in SBUS Bush Street, LLC, the legal entity holding title to the real property located at 364 Bush Street. This created an assessable change in ownership event for both property taxes and transfer taxes. Transfer tax in the amount of \$9,000 for this event was cashiered on March 16, 2018 as Document # 2018-K590503, based on a purchase price of \$1,200,000 for the membership interest transferred. However, the transfer tax basis is not the amount paid to acquire the legal entity; rather, the tax basis for transfer tax is the market value of realty transferred as a result of the legal entity ownership change, per Section 1114(b) of Article 12-C of the City and County of San Francisco Business and Tax Regulations Code.

On June 6, 2019, the Assessor-Recorder completed its valuation of the March 9, 2018 event. The Assessor-Recorder determined that the market value of the real estate, exclusive of non-realty, tangible and intangible personal property, was \$8,975,000, or \$7,775,000 more than what was declared at the time of recording. This value differential results in a transfer tax liability of an additional \$192,938.

On March 4, 2020, the Assessor-Recorder recorded a Notice of Delinquent Real Property Transfer Taxes and Deficiency Determination on the property as Document # 2020-K911290. The same day, the Assessor-Recorder issued a demand letter via certified US Mail to the seller and buyer (Royal

Phoenix, LLC and SBUS Bush Street, LLC) 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 April 2, 2020.

Based on the foregoing, 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 against the real property located at 364 Bush Street (APN 0269-004).

Sincerely,

/s/ CARMEN CHU

Carmen Chu
Assessor-Recorder