



May 26, 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 – 2-16 Turk 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 2-16 Turk Street resulting from the December 15, 2021 legal entity ownership change involving 25 Mason Street LLC, Monarch JV, LLC, and Live + Learn Urban Fund JV, LLC. The amount of delinquent transfer tax, penalties and interest totals \$1,852,448 (as of December 9, 2022), as further described below.

On December 15, 2021, Monarch JV, LLC purchased a 100% membership interest in 25 Mason Street, LLC, the legal entity holding title to the real property located at 2-16 Turk Street (Assessor Parcel Number 0340-004). This created an assessable change in ownership event for both property taxes and transfer taxes.

On March 15, 2022, 60 days past the delinquency date, the taxpayer wired payment for transfer taxes, penalties, and interest in the amount of \$1,732,280, which was cashiered as Document # 2022026378. Because payment was made after the delinquency date, a 25% penalty and 2% interest were included with the tax payment. The tax was calculated based on a declared market value of \$24,800,000.

On August 30, 2022, the Assessor-Recorder completed its valuation of the December 15, 2021 event. The Assessor-Recorder determined that the market value of the real estate, exclusive of non-realty, tangible and intangible personal property, was \$43,880,000, or \$19,080,000 more than what was declared at the time of recording. This value differential results in a transfer tax liability of an additional \$1,268,800.

On November 8, 2022, the Assessor-Recorder recorded a Notice of Delinquent Real Property Transfer Taxes and Deficiency Determination on the property as Document # 2022100929. The total amount due was \$1,852,448, comprised of \$1,268,800 of additional taxes and \$583,648 in penalties and interest (if paid by December 9, 2022).

The same day, the Assessor-Recorder issued a demand letter via certified US Mail and Email to all parties (25 Mason Street LLC, Monarch JV, LLC, and Live + Learn Urban Fund JV, 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 December 9, 2022.

On December 16, 2022, the Assessor-Recorder reached out to the taxpayer to inquire about payment. The taxpayer, through its general counsel Mr. Joshua Bird, replied that it was pulling funds together for the transfer tax liability and requested additional time to do so. Because the taxpayer was making good faith efforts to pay, the Assessor-Recorder agreed to hold off initiating any lien action. The revised amount owed, including additional interest, was communicated to the taxpayer with a message that interest will continue to accrue until payment is made, which was estimated to be by January 13, 2023.

On January 19, 2023, the Assessor-Recorder again reached out to the taxpayer to inquire about payment. Mr. Joshua Bird replied that a property sale it was relying on to fund the transfer tax liability was delayed and requested until the end of March 2023 to pay. The Assessor-Recorder revised the amount owed and communicated to the taxpayer with a message that interest will continue to accrue until payment is made, which was estimated to be by March 20, 2023.

On March 2, 2023, the Assessor-Recorder reached out to the taxpayer to inquire about payment due later that month. On March 9, 2023, Mr. Joshua Bird replied that there was a further delay in the property sale and requested an extension to July 2023 to pay. The Assessor-Recorder revised the calculation to include additional interest (if paid by July 21, 2023) and communicated the amount owed (\$1,941,264) to the taxpayer. On May 9, 2023, the Assessor-Recorder reached out to the taxpayer to inquire about payment. This inquiry was not answered.

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 2-16 Turk Street (APN 0340-004).

Sincerely,

A handwritten signature in blue ink, consisting of a stylized 'JT' followed by a cursive 'Torres'.

Joaquín Torres  
Assessor-Recorder