

EXECUTIVE OFFICE



BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

EDWARD YEN
EXECUTIVE OFFICER

COUNTY OF LOS ANGELES
EXECUTIVE OFFICE
BOARD OF SUPERVISORS

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 383
LOS ANGELES, CALIFORNIA 90012
(213) 974-1411 • www.bos.lacounty.gov

MEMBERS OF THE BOARD

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LINDSEY P. HORVATH

JANICE HAHN

KATHRYN BARGER

August 06, 2024

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

37 August 6, 2024

EDWARD YEN
EXECUTIVE OFFICER

APPROVE THE RECOMMENDATION OF THE HEARING OFFICER TO NOT RESCIND THE SALE OF TAX-DEFAULTED PARCEL ASSESSOR IDENTIFICATION NUMBER (AIN) AIN 4431-042-025 VACANT PROPERTY AT 16709 CALLE ARBOLADA, LOS ANGELES, CA 90272 (All Districts) (3 Votes)

SUBJECT

The above-referenced parcel of real property was sold in or around November 2022 by the County Treasurer and Tax Collector (TTC) at the 2022 Public Auction of Tax Defaulted Property. Subsequently, Mr. Chad Smith for Verde Project LLC, the purchaser of the property, petitioned your Board to request that the sale be rescinded.

Pursuant to California Revenue and Taxation (R&T) Code Section 3731, a hearing was conducted on June 6, 2024, before the appointed Hearing Officer.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the recommendation in the attached report from the Hearing Officer to not rescind the sale of AIN 4431-042-025.
2. Instruct the Executive Officer to notify the Assessor and the other parties to the sale that the sale will not be rescinded.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approving the recommendation of the Hearing Officer in this matter keeps the County in compliance with the relevant sections of the R&T Code and US Code 11 Section 362.

Implementation of Strategic Plan Goals

Your Board's approval of the recommendation will further the County's Strategic Plan North Star 3- Realize Tomorrow's Government Today, Focus Area A- Communication & Public, Strategy I.- Customer Service by providing the petitioners seeking to rescind tax sales with an Executive Officer-appointed Hearing Officer and by avoiding unnecessary and potentially costly legal proceedings.

FISCAL IMPACT/FINANCING

No fiscal impact.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

California Revenue and Taxation Code Section 3725 provides for a proceeding based on alleged invalidity or irregularity of any proceedings instituted under the chapters governing sale of tax-defaulted property.

The request referenced in this letter meets the statutory guidelines and accordingly required that the Board of Supervisors conduct, or cause to be conducted through an appointed Hearing Officer, a hearing on the matter.

The hearing having been conducted, and a recommendation from the Hearing Officer received, your Board is now required to accept or reject the recommendation.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

No impact.

The Honorable Board of Supervisors

8/6/2024

Page 3

Respectfully submitted,

A handwritten signature in cursive script that reads "Edward Yen".

Edward Yen

Executive Officer

EY:dg

Enclosures

c: Chief Executive Officer
County Counsel
Assessor
Auditor-Controller
Treasurer and Tax Collector

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COUNTY OF LOS ANGELES

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July 24, 2024

Edward Yen, Executive Officer
County of Los Angeles, Board of Supervisors
500 West Temple Street
Los Angeles, CA 90012

Dear Mr. Yen:

Re: HEARING FOR PETITION TO RESCIND AIN 4431-042-025

The Treasurer and Tax Collector ("TTC") has the power to sell nonresidential commercial property that has been delinquent for three or more years and residential property that has been delinquent for five or more years. Pursuant to Revenue and Taxation Code sections 3725 and 3731, the Board of Supervisors may rescind a tax sale only if there is an invalidity or irregularity in the tax sale process.

Procedural History:

Assessor's Identification Number (AIN) 4431-042-025 ("Property") was sold to Chad Smith for Verde Project LLC on or around November 22, 2022. In November 2023, Chad Smith for Verde Project LLC, (the "Petitioner") submitted a written request to the Board of Supervisors to rescind the sale of AIN 4431-042-025. Pursuant to Revenue and Taxation Code Section 3731(b), a hearing to rescind the sale of the property was set for June 6, 2024.

On June 6, 2024, I served as Hearing Officer as authorized on behalf of the Board of Supervisors for a hearing on the Petition to Rescind Sale of Tax-Defaulted Property. Present at the hearing were as follows:

- 1) Chad Smith, Petitioner,
- 2) Michael Hahn, County Counsel for TTC
- 3) Deondria Barajas, Assistant TTC
- 4) Michael McComas, Assistant Operations Chief, TTC
- 5) Nichole Alcaraz, Operations Chief, TTC
- 6) Nanette Herrera, BOS-Executive Office
- 7) Panik Nazarian, BOS-Executive Office
- 8) Lucia Gonzalez, County Counsel advisor to the Hearing Officer
- 9) Joyce Aiello, County Counsel advisor to the Hearing Officer
- 10) Matthew Dill, County Counsel, TTC
- 11) David Miller, County Counsel

- 12) Kim Nemoy, County Counsel
- 13) John Savitieri, County Counsel
- 14) Daniel Kaylor, Law School Intern, County Counsel
- 15) Nicole Cremat, Law School Intern, County Counsel

Evidence Presented:

As Hearing Officer, I considered the following evidence:

- Mr. Smith's Petition to Rescind Sale of Tax-Defaulted Property, and a parcel map that was sent separately by email;
- TTC's Brief in Opposition to the Petition to Rescind, with exhibits;
- Testimony of Mr. Smith, the Petitioner, and Mr. McComas on behalf of TTC.

Factual History Based on the Evidence Presented:

This petition arises out of a tax sale auction held on November 22, 2022. At that auction, the TTC sold the real property to Verde Project LLC, aka Chad Smith for \$360,200. The subject property is encumbered by a 1982, City of Los Angeles easement. Petitioner Chad Smith, the purchaser of the property at the tax sale auction, now seeks to rescind this sale because he has discovered that the property is encumbered by a preexisting easement. He asserts that the tax sale was invalid because it involved the sale of a "public utility."

The TTC provided evidence that the tax sale did not involve the sale of a "public utility." It produced evidence that the property is encumbered with an easement held by The City of Los Angeles recorded on August 19, 1982. That easement grants the City of LA the ability to construction and maintain improvements. The tax sale did not involve the sale of the easement, which continues to encumber the property.

The TTC followed all statutory requirements and authority to sell the property. They produced evidence that the "Official Terms and Conditions of the 2022B Follow-Up Online Auction" included a narrative directing bidders to thoroughly investigate all properties of interest prior to bidding. Those terms and conditions also included an "Acknowledgement of Terms and Conditions" clause, where the bidder acknowledges and agrees to such terms and conditions and expressly waives any objection, claim, or right to rescind a bid or purchase arising therefrom.

The Petitioner failed to provide a legal basis to rescind the tax sale. The evidence demonstrated that petitioner's claim that the tax sale involved the sale of a public utility was unfounded. The evidence further demonstrated that the TTC conducted the sale of the subject property appropriately.

Recommendation

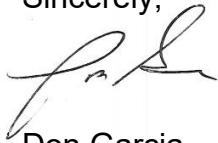
The evidence demonstrated that TTC followed all statutory requirements and therefore conducted a proper tax sale. The evidence further demonstrated that the TTC directed all buyers to thoroughly investigate properties prior to bidding on them. The TTC made

Edward Yen
July 24, 2024
Page 3

reasonable efforts to provide all parties of interest with notice of the tax delinquency and scheduled tax sale as required by Revenue and Taxation Code section 3701. The Petitioner failed to provide a legal basis to rescind the tax sale. Therefore, I recommend the sale of AIN 4431-042-025 remain in place and that the Petitioners' request to rescind the sale be denied.

Please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Don Garcia', written over a faint rectangular stamp.

Don Garcia
Hearing Officer

c: Lucia Gonzalez
Joyce Aiello