

NEWS

Assessment leads to tax of nonexistent homes

By **MATTHIAS GAFNI** | Bay Area News Group

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PITTSBURG — Gus Kramer's office overvalued the vacant dirt lots of a Pittsburg developer with whom the assessor has been publicly feuding, costing the company well over \$200,000 in additional taxes this year.

Correcting what Contra Costa County's assessor says was an error will require the tightly budgeted city of Pittsburg and several special districts to spend staff time and money to determine exactly how much money they must return to the development company.

The assessor's office categorized almost 300 Lyon Homes parcels as single family houses, nearly all of them dirt lots. That activated four different special taxes and assessments. Few of the lots had building permits, yet all the property tax bills showed improvements. A neighboring development's identical dirt lots were properly logged on Contra Costa County tax rolls as vacant.

Kramer, who owns a home in Seecon Financial & Construction's San Marco development, has been fighting with Lyon Homes, whose grading contributed to a 2006 landslide that damaged his property. A large sign in the backyard of Kramer's house overlooks Lyon Homes development. It reads in tall black letters: "LYONS [sic] FIX OUR HOMES."

Seecon is a company owned by East Contra Costa developer Albert Seeno.

Kramer and his Santa Lucia Drive neighbors have sued Lyon and Seecon, Pittsburg, contractors and special districts involved in the subdivisions.

The assessments raised eyebrows in Pittsburg City Hall.

"It caused us to scratch our head a bit because it only happened in one development," said Joe Sbranti, city engineer.

"Was it diabolic? I have no idea. But it is unfortunate the extra staff time and work we have to do to undo it," he said.

The city has since refunded Lyon more than \$34,000 in street lighting tax revenue. The city scrounged for the reimbursement money, Sbranti said, especially since the street lighting and landscaping funds are underfunded by \$1 million annually and subsidized from the general fund.

"This is the first I've heard about it," Kramer said of the assessment error in an April 20 interview. Lyon first appealed the assessments in November, and the assessors office acknowledged the mistake in an e-mail to Pittsburg in March.

"Occasionally people miss things, and it sounds like we made a mistake," he said. "We had over 8,000 corrections last year. Those things happen."

The assessor said his office oversees 356,000-plus parcels in Contra Costa, 280,000 of them single family homes. He said his staff has shrunk from 150 employees to 114.

As for assessing to settle a score?

"I wouldn't stand for that, and everyone in this office knows that," Kramer said. "You have to leave your personal feelings at the door; that's my personal philosophy."

A Lyon Homes representative said the company has a policy of not speaking with media, and calls and e-mails to the developers' attorneys were not returned.

Landslide Lambasting

Kramer bought his four-bedroom, three-bath, 2,309-square-foot property from Seecon on March 31, 2005, for \$627,500. It was at the height of the real estate boom.

The house sat on a bluff looking over the Lyon Homes Vista Del Mar subdivision, where bulldozers were moving earth to create a 540-house tract.

On June 6, 2006, a Lyon Homes contractor bulldozed the hillside below Kramer's home, resulting in a large landslide. Who exactly is at fault is a matter before the county court. A smaller slide on July 13, 2006, forced residents to evacuate for three months.

Kramer began leading a war of words aimed mostly at Lyon Homes and Pittsburg. He erected a giant sign demanding Lyon Homes fix the damaged properties. The landslides have turned his house into "damaged goods," he said at the time.

At a Sept. 25, 2006, Pittsburg Housing Authority meeting, Kramer said Lyon Homes had not kept a promise to make the affected homeowners "whole," according to meeting records.

"He urged the City Council to put a stop-work order on the William Lyon project until the repair work had been done," according to records.

Kramer's house, which he holds as a rental, this year was assessed at \$200,000, less than a third of what he paid four years ago.

Claims and lawsuits followed, leading to two cases consolidated in Contra Costa Superior Court that have Kramer and his neighbors suing Lyon Homes, Seecon and others. The other case involves Lyon suing Seecon.

In the lawsuit, Kramer claims his property repair costs exceed \$800,000. He claims the landslide caused cracks and defects throughout his house and backyard.

The Pittsburg case has been through numerous mediation hearings.

Calls to Seecon representatives were not returned.

Code 11, not 17

The higher one drives into the hillside Vista Del Mar or San Marco subdivisions, the more vacant lots proliferate. Weed-ridden dirt lots line entire streets.

So, Pittsburg city engineer Joe Sbranti was caught off-guard in mid-February when a Lyon Homes e-mail asked why it was paying a lighting and landscaping fee for vacant lots.

"To our surprise they were paying full freight for streetlights. We called the county and they said they don't know anything about it," Sbranti said.

"We told (Lyon Homes) ... it's the assessor who sets values, not us," Grisham said.

In tax year 2007-08, Kramer's office assessed Lyon Homes' dirt lots under code 11, vacant lots, as is typically done, according to property tax experts.

This tax year, 2008-09, the developer's dirt lots were marked code 17 — single family residential — typically only done when a house has been built or at least has been started. The Lyon Homes vacant parcels also were assessed for improvements.

Code 17 initiated four different special tax or assessments, totaling more than \$200,000 for 167 of the parcels, documents show.

The assessor's office mistakenly categorized another 127 vacant parcels at Vista Del Mar as single family homes.

All of Seecon's San Marco development's 207 vacant lots remained categorized as vacant this year. Their assessed values increased by the state mandated maximum of 2 percent, and no new taxes kicked in.

Kramer and principal appraiser Jim Lynch blamed the mistake on a rookie appraiser who just finished training.

"Maybe we let him go a little too early," Lynch said. "He made a mistake and put the wrong models on the wrong page."

Kramer blamed a staff error on another recent assessment issue involving a Concord house he owns. He had to pay more than \$21,000 in old taxes on that property because it was not reassessed when he took ownership in 2004.

For the Pittsburg error, Lyon Homes sent a batch of appeals to the Assessment Appeals Board on Nov. 24.

According to a Pittsburg internal e-mail, the assessor's office acknowledged the mistake in March. Kramer and Lynch said the delay was due to their limited staff being inundated with reassessment requests.

"We have processed the corrections necessary to remove the erroneous improvement values and correct the use codes," Lynch wrote in an e-mail.

'FIRST ERROR OF THIS TYPE'

Reimbursing Lyon Homes is another issue.

Delta Diablo Sanitation District received \$78,100 of the mistaken property tax revenue from Lyon Homes.

"This is the first I've heard of it," said Karen Ustin, district business services manager, on April 20. "I'm shocked."

For each vacant parcel mistakenly categorized single family residence, Lyon Homes paid a \$212.32 Diablo Z2 Sewer Charge. The assessment is intended to begin once a family moves into a house and uses the sewer system, Ustin said.

“I think this is the first error of this type I’m aware of,” she said. A month after finding out about the mistake, the district refunded the developer.

In addition to the sewer charge and street lighting/landscaping fee, Lyon Homes had paramedic and storm water assessments.

Art Lathrop, director of Contra Costa’s emergency medical services, said 388 parcels had been impacted with mistaken \$10 fees. The director said his agency will refund \$3,880 to the developer.

Pittsburg has hired a property tax consultant to keep an eye on declining property values to ensure that the assessors office properly handles them and that they do not cost the city any more revenue than necessary.

The sanitation district was ensured by the county the mistake would not be repeated, Ustin said.

“We never plan to collect money for homes that aren’t there,” she said.

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