



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: District Attorney
Department No.: 021
For Agenda Of: September 22, 2015
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s) Joyce E. Dudley, District Attorney, 568-2308
Contact Info: Kelly Scott, Chief Deputy District Attorney, 568-2309
SUBJECT: Real Estate Fraud Prosecution Program FY 2014-15 Annual Report

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

Receive and file the Fiscal Year 2014-2015 Real Estate Fraud Prosecution Program Annual Report.

Summary Text:

In August 2007, the Board of Supervisors authorized the Office of the District Attorney to implement the provisions of California Government Code section 27388, which established a recording fee to fund a Real Estate Fraud Prosecution Program in order to deter, investigate and prosecute real estate fraud crimes. The goal of the program is to reduce the victimization of vulnerable residents who are less knowledgeable about the complexities of real estate transactions. Pursuant to the Code, the Office of the District Attorney is providing the FY 2014-15 Annual Report of the program's activities and funding to the Board.

Background:

In September 2007, the County Clerk-Recorder-Assessor began collecting the Board-approved \$2 recording fee when certain real estate instruments, paper, or notices were recorded. The Clerk-Recorder-Assessor retains 10% of the funds collected for administrative costs, with 100% of the remaining balance utilized by the Office of the District Attorney to finance salary and benefit costs dedicated to the investigation and prosecution of real estate fraud.

In 2009, Senate Bill 1396 amended Section 27388 to authorize a fee increase from \$2 to \$3, and also added additional documents to the definition of “real estate instrument” for purposes of fee collection. The Board subsequently approved a fee increase from \$2 to \$3 in January 2010.

In 2012, the California State Legislature determined that the statutory fee allotment of \$3 was inadequate. Senate Bill 1342 was approved in July 2012 to amend section 27388 to authorize a fee of up to \$10 for the recording of real estate instruments, in order to provide a consistent source of funding for an effective law enforcement response to the real estate fraud epidemic in California. The legislation also expanded the list of “real estate instruments” that are subject to the fee.

In October 2013, the Board approved an increase of the fee from \$3 to \$10 in order to expand the investigation and prosecution of real estate fraud crime and hire additional staff, including a full-time Deputy District Attorney and legal support staff to work in conjunction with the existing full-time DA Investigator.

Fiscal and Facilities Impacts:

Document fees collected by the District Attorney in FY 2014-15 totaled \$517,600. This funding offsets the salaries, benefits and operating costs associated with the Real Estate Fraud Prosecution Program. The total cost to administer the program in FY 2014-15 was \$523,500. This includes salaries and benefits for 1.0 FTE Investigator, 1.0 FTE Deputy District Attorney and .3 FTE Legal Support staff, and operating expenses related to training, travel and legal reference materials.

Current document fee collections are averaging approximately \$47,460 per month, which is an estimated \$569,520 in yearly collections. This will cover the costs of the unit in FY 2015-16. Any remaining funding will cover necessary Victim Witness Advocate services or will be designated to fund balance for future needs.

The FY 2014-15 Real Estate Fraud fund balance is \$117,423. Fund balances are designated for use in future years in order to offset the costs of program staff who will deter, investigate, and prosecute real estate fraud crimes.

Fiscal Analysis:

<u>Funding Sources</u>	<u>FY 14/15 Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State			
Federal			
Fees	\$ 517,600.00		
Other:	\$ 5,900.00		
Total	\$ 523,500.00	\$ -	\$ -

Attachments:

Attachment A: FY 2014-15 Real Estate Fraud Prosecution Program Annual Report