



City of Philadelphia

City Council
Chief Clerk's Office
402 City Hall
Philadelphia, PA 19107

RESOLUTION NO. 180412 (As Amended, 6/5/18)

Introduced April 26, 2018

Councilmembers Oh, Squilla and Johnson

**Referred to the
Committee on Law and Government**

RESOLUTION

Proposing an amendment to The Philadelphia Home Rule Charter to provide accountability to City Council for real property assessment increases; and providing for the submission of the proposed amendment to the electors of Philadelphia.

WHEREAS, The Philadelphia Home Rule Charter requires that the annual operating budget be balanced; and

WHEREAS, The Real Estate Tax is a major source of revenue for the City of Philadelphia; and

WHEREAS, Real Estate Tax revenue can be increased either through a City Council approved increase in the tax rate or through an increase in real property assessments; and

WHEREAS, The 2019 assessments resulted in the median market value of single-family homes increasing from 2018 by 10.5 percent from \$112,800 to \$124,600; while 48 of Philadelphia's 57 neighborhoods saw increases, with the "North Philadelphia/West" neighborhood — containing Brewerytown and Strawberry Mansion — rising the most, increasing 47.1 percent between 2018 and 2019; and

WHEREAS, The 2019 real property assessments amount to a big Real Estate Tax revenue increase without a Real Estate Tax rate increase—essentially a "backdoor" tax increase; and

WHEREAS, Pennsylvania State Law mandates that real property assessments be based on the "actual value thereof" to accomplish "equalization with other similar properties within the taxing district" considering three methods: cost of reproduction or

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replacement; comparable sales; and income; approaches considered in conjunction with one another; and

WHEREAS, Real property assessments should result in increases or decreases in actual value as warranted by the real estate market, independent of the need to balance the annual operating budget; and

WHEREAS, Under Section 6 of the First Class City Home Rule Act (53 P.S. §13106), an amendment to the Philadelphia Home Rule Charter may be proposed by a resolution of the Council of the City of Philadelphia adopted with the concurrence of two-thirds of its elected members; now, therefore,

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That the following amendment to the Philadelphia Home Rule Charter is hereby proposed and shall be submitted to the electors of the City of Philadelphia on an election date designated by ordinance:

ARTICLE VIII PROVISIONS OF GENERAL APPLICATION

CHAPTER 1 FISCAL AND BUDGETARY MATTERS

* * *

§ 8-108. Real property assessments.

(1) The Office of Property Assessment (OPA) shall make all assessments of real property on the basis of the actual value of individual properties. In making such assessments, the Office shall consider, in conjunction with one another, cost, comparable sales, and income approaches; and such assessments shall be determined independent of the need to balance the annual operating budget. The Office shall issue preliminary assessments by no later than eighty (80) days prior to the statutory deadline for final certification.

(2) Contemporaneous with OPA's issuance of preliminary assessments, the Director of Finance shall certify whether any percentage annual increase in total preliminary assessments is greater than twice the annual percentage increase in the most

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recently reported United States Bureau of Labor Statistics' Consumer Price Index—All Urban Consumers (CPI-U).

(3) No later than fifteen (15) days after the certification of an increase greater than twice the increase in the CPI-U, the Council may select a reputable third-party auditor to evaluate and report to Council whether such overall preliminary annual assessments more closely meet the standards set forth in paragraph (1), above, than did the previous year's final assessments. Within forty-five (45) calendar days of the selection of such a third-party auditor, the auditor shall issue a report of its findings.

(4) Within fifteen (15) calendar days of the receipt of the auditor's report, if Council determines, based on the auditor's report and any other information that Council may consider, that the preliminary assessments do not more closely meet the standards set forth in paragraph (1), above, than did the previous year's final assessments, Council may reject the overall annual assessments, and the OPA shall certify the previous year's assessments as the current year's assessments.

(5) Council may, by ordinance, revise the deadlines set forth herein, but in no instance may Council reject the overall annual assessments later than five (5) days prior to the statutory deadline for certification of assessments.

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Explanation:

[Brackets] indicate matter deleted.
Italics indicate matter added.

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