

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 180355)

RESOLUTION

Authorizing Council's Committee on Legislative Oversight to hold hearings examining the Office of Property Assessment's assessment system and the impact of increasing real estate taxes on Philadelphia households.

WHEREAS, Philadelphia's Office of Property Assessment has recently announced its assessments for tax year 2019, with many homeowners seeing their first major reassessment since the Actual Value Initiative, which began in tax year 2014 and was aimed at more closely linking property assessments to a property's market value; and

WHEREAS, A *Philadelphia Inquirer* analysis of the City's assessments for tax year 2019 found that office buildings saw assessment increases of 7.5 percent, on average. Commercial properties, which had been the focus of reassessments in tax year 2018, saw "hardly any change" in the most recent assessments. Meanwhile, residential properties increased, on average, by more than 11 percent in OPA's most recent assessments; and

WHEREAS, The impact of a major reassessment, after several years of fairly consistent assessments in tax years 2015-2018, will be felt particularly hard in gentrifying neighborhoods, where longtime homeowners are already struggling to stay in their homes. According to data compiled by economist Kevin Gillen of the Lindy Land Institute, rapidly developing Point Breeze saw a 43 percent increase in assessments for tax year 2019. These spikes in value outpace even the burgeoning real estate markets for these zip codes: according to Gillen's data, 19145 and 19146 saw home value increases of 20.6 and 24.4 percent, respectively. Homeowners in Brewerytown and Strawberry Mansion are facing a similar spike, as assessments in those areas increased by over 47 percent, on average; and

WHEREAS, The *Philadelphia Inquirer's* analysis of OPA data found that there are wide discrepancies in underlying land value and in the total assessed value for similar properties, even when those properties are located on the same block. Philadelphians must be able to trust that OPA's assessments are done fairly and uniformly and this

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recently published data has raised serious questions about the degree to which these values have been upheld in the assessments for tax year 2019; and

WHEREAS, OPA's large, single-year increase has the potential to create financial difficulties for many low- and middle-income Philadelphians, as well as those on fixed incomes. Rather than phasing in value increases year-over-year, the current assessment policy has left many taxpayers raising questions about the fairness of the City's reassessment system; and

WHEREAS, OPA's reassessment also coincides with an Administration proposal to increase the City's property tax rate. Taken together, these dual increases have left many taxpayers facing a double burden, with their increased assessments scheduled to be taxed at an increased rate; and

WHEREAS, Following the Actual Value Initiative, property owners filed an historic number of assessment appeals, which resulted in a reduction of \$1.5 billion in the net taxable market value of City property and a \$20 million reduction in real estate tax bills. These revisions are evidence of the potential for systemic error in citywide reassessment initiatives; and

WHEREAS, The decision to institute a major reassessment in a single year, after several years of fairly consistent valuation, has raised questions about OPA's methodology and about the accuracy of its assessments in past years. The City's tax policy must be transparent, fair, and evenly applied, and Philadelphia taxpayers must have confidence that assessment decisions are made pursuant to those goals; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That the Council hereby authorizes Council's Committee on Legislative Oversight to hold hearings examining the Office of Property Assessment's assessment system and the impact of increasing real estate taxes on Philadelphia households.

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CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the twelfth of April, 2018.

Darrell L. Clarke
PRESIDENT OF THE COUNCIL

Michael A. Decker
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember Johnson

Sponsored by: Councilmembers Johnson, Green, Oh, Parker, Domb, Bass, Reynolds Brown, Greenlee, Taubenberger, O'Neill, Quiñones Sánchez, Jones, Council President Clarke, Councilmembers Henon, Blackwell and Squilla