



Legislation Text

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Amending Chapter 19-1300 of The Philadelphia Code, entitled "Real Estate Taxes," by creating a tax foreclosure diversion program that requires housing counseling assistance, updating tax installment payment agreements to help taxpayers with financial hardships, and other related items; all under certain terms and conditions.

THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:

SECTION 1. Chapter 19-1300 of The Philadelphia Code is amended to read as follows:

CHAPTER 19-1300. REAL ESTATE TAXES.

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§ 19-1305. Authorization for Installment Payment Agreements *and Tax Foreclosure Prevention Programs*, Waiving Additions to Tax and Abating Interest and Penalties Otherwise Due Pursuant to Section 19-1303, and Requiring Commencement of Enforcement Action.

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(2) Authorization for Installment Payments *and Tax Foreclosure Prevention Programs*; Waiver of Additions to Tax; Abatement of Interest and Penalties and Requiring Commencement of Enforcement Action.

(a) Universal Applicability. This chapter, and all regulations and policies adopted pursuant to it, shall apply equally to the Department of Revenue, the Law Department of the City of Philadelphia, the Philadelphia Tax Review Board, any other department, agency, office or employee of the City seeking to enforce or collect property taxes, and all co-counsel or other businesses or parties hired or retained by the City to collect property taxes.

(b) Warning of Risk of Tax Foreclosure Action.

(.1) First Notice. Should a taxpayer not remit payment for current year real estate tax liabilities or enter into a payment agreement by March 31st of such tax year, within sixty (60) days the Department shall send the taxpayer a Warning of Risk of Tax Foreclosure Action containing the following information:

(.a) a brief description of any possible legal action and its consequences, including a clear and conspicuous statement that the taxpayer will become in danger of losing his or her home or property if he or she does not act; as to homestead properties, a statement of the right of the taxpayer to enter into an income-based payment agreement for all real estate tax liabilities on the taxpayer's homestead property, *the availability of the free assistance of a housing counselor, and the right to apply for tax payment deferral for financial hardships as provided in this Section 19-1305 and in Section 19-1307*; as to non-homestead

properties, a statement of the right of the taxpayer to request consideration for a payment agreement for all real estate tax liabilities on the taxpayer's non-homestead property; a brief description of the available payment agreements, the steps the taxpayer must take to enter into such an agreement, and the deadline for doing so; and a brief description of any non-principal additions, charges, fees, penalties, or interest that may be imposed if the real estate tax liabilities remain outstanding;

(.b) the amount of current year real estate tax liability;

(.c) the amount of any prior year real estate tax liability, specifically indicating the amounts of such prior year liability that are principal, interest, penalty, and attorney's fees as well as any other amounts or fees;

(.d) the total amount required to pay off the tax liability in full, the date by which it must be paid, the addresses where payments can be made, and accepted forms of payment;

(.e) a statement explaining the types of other City-related debt that may be capable of being liened against a property including, without limitation, water and sewer rent, nuisance and demolition fees and fines, and a brief explanation of how the taxpayer may request confirmation as to the existence and amounts of any such debt;

(.f) brief, accurate information about available assistance programs including homestead exclusions, tax rebates, [and] tax relief , *and tax deferrals for homestead properties*; and

(.g) lists of the free housing counseling agencies and the legal services agencies that have been trained in assisting with delinquent real estate tax matters related to homesteads and may be available to assist the taxpayer, including addresses and phone numbers.

(.2) Second Notice. Should a taxpayer not respond to such Notice of Risk of Foreclosure Action within ninety (90) days of the date of the notice, the Department shall send a second notice containing the same information required under subsection (.1) and any updates thereto, and a warning that the City may commence foreclosure proceedings against the taxpayer should he or she not pay the outstanding real estate tax liabilities or enter into a payment agreement *or tax payment deferral program* by December 31 of such year.

(c) Information for Taxpayers.

(.1) When a taxpayer contacts the Department regarding real estate tax liabilities the Department shall ask if the property is the taxpayer's residence, and shall provide the following information:

(.a) If the taxpayer claims to reside in the property, the Department shall inform the taxpayer of the steps to apply for homestead recognition, the right to an income-based payment agreement for homestead properties and the steps to apply for such payment agreements, and the availability of free advice and assistance from housing counseling agencies and legal services agencies for taxpayers who are eligible. The Department shall also provide written information regarding the payment agreement options for homesteads, as well as a list, including addresses and phone numbers, of housing counseling agencies and legal service agencies available to assist the taxpayer.

(.b) If the taxpayer claims not to reside in the property, the Department shall

inform the taxpayer of the right to request consideration for a payment agreement and the steps to apply for consideration for such payment agreements.

(.2) Information Available Online. The Department shall clearly and conspicuously post information regarding the available payment agreements, *hardship deferrals*, and assistance programs on its website. Such information shall summarize the program and terms of the agreements and the eligibility requirements. It shall include a question-and-answer section as well as application forms, sample agreements, and copies of all notices provided for in this Chapter. The Department's website shall also clearly and conspicuously post contact information, including addresses and phone numbers, for housing counseling agencies and legal service agencies that may be available to advise or assist eligible taxpayers.

(.3) Language Access / Non-English Speakers. Consistent with applicable law and policy, the Department shall take reasonable steps to ensure meaningful access to payment agreements for Limited English Proficient (LEP) persons. Such steps shall include providing copies of all vital documents in English and Spanish, both on-site and on-line translations of all vital documents, including notices and agreements, as well as providing translated "taglines" on all English language notices, and advising LEP persons that telephone interpreter services are available at the Department.

(.4) In-Person Meeting. [Any] *A* taxpayer seeking to enter into a payment agreement related to real estate tax liabilities *on his or her primary residence* [shall have a right to] *shall, unless such taxpayer elects otherwise, be entitled to an in-person meeting with the Department within 30 days of such request* for the purpose of evaluating the taxpayer's payment agreement [options and may have a] *options, and be offered the assistance of an independent housing counselor* [present]. *In addition, the Department may also appoint an attorney, or interpreter to assist the taxpayer in such a meeting. The appointed housing counselor shall assist in arriving at a financially reasonable payment plan for the taxpayer.*

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(d) Homestead Payment Agreements. Payment agreements with taxpayers are authorized for all amounts due on real estate tax liabilities on the homesteads of taxpayers, subject to the following terms and conditions:

\* \* \*

(.2) Payment agreements shall provide for payment of 100% of all tax liabilities, including capitalized additions, owing through the date of the agreement or March 31 of the year of the agreement, whichever is later, less any waiver of interest or penalties as provided in subsection (.6), below.

(.a) The Department shall provide an opportunity for taxpayers entering into payment agreements to apply for the following programs: Homestead exclusion, pursuant to § 19-1301.1(4)(a) (.3); Deferral, pursuant to § 19-1307[(6)(c)]; Longtime Owner-Occupant Exemption pursuant to § 19-3905(3) (a); and Senior Citizen Low Income Special Tax Provisions pursuant to § 19-2904(1)(a). *The housing counselor shall assist the taxpayer in applying for the aforementioned programs.* If a taxpayer is approved for any of these programs and such approval results in the reduction of the taxpayer's total tax liabilities, within thirty (30) days of such approval the Department shall adjust the total amount due under the payment agreement as well as the monthly payment amounts, and shall provide to the taxpayer prompt notice of any adjustments. In negotiating settlements with delinquent taxpayers, the Department may consider the taxpayer's eligibility for relief for which he or she failed to apply.

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(3) Monthly Payments Based on Income. Monthly payment amounts due pursuant to homestead payment agreements shall be based upon the taxpayer's monthly household income as a percentage of Area Median Income as determined annually by the United States Department of Housing and Urban Development, as follows, and shall not require initial lump sum payments or down payments unless elected by the taxpayer:

\* \* \*

(e) [Individual Financial Assessment.] *Individualized Consideration of Hardship and Financial Incapacity.* Taxpayers may request an individual financial assessment comparing household income and expenses, and [may] *shall be considered for the following relief:*

(i) *Where the taxpayer meets the criteria under subsection (b) ("Tier 2"), (c) ("Tier 3"), or (d) ("Tier 4"), but the minimum monthly payment would, based on the individualized financial assessment, present a hardship to the taxpayer, the Department may allow the taxpayer to elect [such] an alternative payment amount provided that twenty-five dollars (\$25) is the minimum monthly payment.*

(ii) *Where the Department finds that a taxpayer in any Tier, based on the individualized financial assessment, lacks the ability to make a regular monthly payment of any amount, the Department may allow the taxpayer to elect an agreement with no minimum monthly payment.*

\* \* \*

(f) Terms of Payment Agreements.

(1) Maintenance of Current Taxes. While enrolled in a payment agreement pursuant to this Section, a taxpayer *generally* is obligated to pay the current year real estate taxes that come due and owing during each subsequent year[, which payment may be made either by a lump sum payment or installment payment agreement as permitted by law, but which payment may not be made pursuant to a payment agreement under this Section, other than an installment payment agreement as provided for under subsection (2)(d)(.4)]. [Nothing] *Provided that, nothing in this paragraph shall preclude a taxpayer enrolled in a payment agreement pursuant to this Section from entering into a deferral of taxes under Section 19-1307. And further provided that, so long as a taxpayer is eligible for a Tier 4 agreement or for an agreement based on an Individual Financial Assessment under subsection (d)(.3)(e), the Department shall add current year taxes to the payment agreement unless the taxpayer directs the Department otherwise; a taxpayer who is otherwise compliant with the agreement shall be deemed to be in full compliance.*

\* \* \*

(3) Application of Payments. Notwithstanding any provision of this Title to the contrary, unless otherwise provided in any applicable bond covenants, payments made pursuant to a payment agreement shall be credited to the taxpayer's delinquent account as follows:

(a) Until such time as the total principal included in the taxpayer's payment agreement is repaid, one hundred percent (100%) of all payments made under the terms of such agreement shall be credited and accounted toward such total principal amount and any associated attorneys' fees, in the same

proportion as the two liabilities bear to each other. No part of any payment made under the agreement may be used to pay or reduce other amounts demanded as due under § 19-1303, including, but not limited to, charges for additions, interest and penalties, or other fees, until such time as the taxpayer shall have made payments equal to the amount of the total principal due; provided that the Department may, by regulation, provide that payments may be allocated to reimbursable expenses prior to, or after, any allocation to principal and associated fees.

*(b) Notwithstanding paragraph (a) of this subsection (f)(3), where a taxpayer (i) is not required to pay current taxes in addition to their monthly payments under an agreement pursuant to subsection (f)(1), and (ii) is either a senior citizen or person with a disability age 18 and older, and eligible for the Pennsylvania Senior Citizen Real Property Tax Rebate (“the Rebate”), one hundred percent (100%) of all payments made under the terms of such agreement, up to the amount due thereunder for the current year, shall be applied to current taxes, so as to be eligible for the Rebate.*

\* \* \*

(3) Rules and Regulations.

\* \* \*

*(b) The Revenue Commissioner shall promulgate such rules, regulations, written policy, forms, and other documentation as are deemed necessary to effectuate the purpose of the provisions added or amended by the bill adding this subsection (b) within 90 days of the date on which such bill becomes law.*

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**Explanation:**

[Brackets] indicates matter deleted.

*Italics* indicate new matter added.