

## Legislation Text

File #: 120340-AAAA, Version: 6

Enacting a new Chapter 19-3800 of The Philadelphia Code authorizing the granting of tax exemptions to longtime owner-occupants of certain properties in the City of Philadelphia.

*THE COUNCIL OF THE CITY OF PHILADELPHIA HEREBY ORDAINS:*

SECTION 1. Chapter 19-3900 is hereby added to The Philadelphia Code to read as follows:

*CHAPTER 19-3900. TAX EXEMPTIONS FOR LONGTIME OWNER-OCCUPANTS OF RESIDENTIAL PROPERTIES.*

*§19-3901. Declaration of Policy.*

*The Council of the City of Philadelphia has determined that:*

*1. Numerous long-established residential areas and areas of deteriorated, vacant or abandoned homes and properties located throughout the City of Philadelphia have been targeted for redevelopment and, as a result, are particularly vulnerable to the process of neighborhood change known as gentrification.*

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*2. Longtime owner-occupants of principal residences throughout the City face the real threat of losing the financial ability to remain in their homes by virtue of the rising market values and consequent property tax assessments which are the hallmarks of a gentrifying neighborhood.*

*3. Properties that experience a threefold increase or higher in certified market value, from one year to the next are deemed to have experienced an increase in market value as a consequence of the refurbishing or renovating of other residences or the construction of new residences in the area surrounding the property.*

*The Council of the City of Philadelphia therefore deems it to be a matter of sound public policy to provide a Real Property Tax exemption program to relieve the economic burden that gentrification brings to Longtime home owners, thereby enabling them to remain in their homes and neighborhoods.*

*§19-3902. Definitions.*

*(1) "Longtime owner-occupant." Any person who, as of July 1 of the year immediately preceding the tax year has owned and occupied the same dwelling as a principal residence and domicile within the City of Philadelphia for at least ten continuous years, or any person who, as of July 1 of the year immediately preceding the tax year has owned and occupied the same dwelling as a principal residence and domicile within the City of Philadelphia for at least five years if that person received assistance in the acquisition of the property as part of a government or nonprofit housing program.*

*(2) "Principal residence." The dwelling place of a person, including the principal house and lot, and*

such lots as are used in connection therewith which contribute to its enjoyment, comfort and convenience. For purposes of this Chapter, the term may also include a building with a maximum of one commercial establishment and a maximum of three residential units of which one residential unit must be the principal residence of the longtime owner-occupant.

(3) “Owner.”

(a) The owner of record, as recorded with the Department of Records; or

(b) An equitable owner, defined as a person who has inherited an interest in the property from the deceased owner of record; a person who has entered into an installment land contract to purchase the property from the owner of record; a person who was the owner of record before a fraudulent conveyance of the property occurred; or a person who can demonstrate some other ownership interest in the property; or

(c) Where the owner of record either is deceased or cannot be located, a person who has registered his or her name with the Department as the person to whom tax bills should be sent and who has been paying such bills for at least the preceding ten years.

(d) Where the owner of record acquired the property from a spouse, due to death or divorce, or from a life partner, due to death or termination of the life partnership, the owner of record shall be deemed to have been the owner of record throughout the period of ownership of the transferring spouse or life partner.

(4) “Eligible property.” The principal residence and domicile of an eligible taxpayer under § 19-3903.

(5) “OPA.” Office of Property Assessment.

(6) “Income.” As defined at 24 Code of Federal Regulations (CFR) Section 5.609 (referred to as “Part 5 annual income”).

§19-3903. Eligibility For Exemption Of Real Property Taxes.

(1) Real property shall be eligible for the exemptions provided for under this Chapter if it meets all of the following conditions:

(a) The property is owned and occupied by a longtime owner-occupant on January 1 of the tax year.

(b) The property is the principal residence and domicile of the longtime owner-occupant.

(c) The property is located in an eligible long-established residential area or area of deteriorated, vacant or abandoned homes and properties as defined by Section 19-3904.

(d) All real estate taxes on the property are current or subject to a payment agreement that is not in default, except in the following circumstances:

(.1) A taxpayer shall not be found ineligible pursuant to this subsection (d) while the taxpayer has an application for a payment agreement pending determination by the Department of Revenue.

(e) The property has not previously received an abatement of taxes under § 19-1303(2), § 19-1303(3), §

*19-1303(4) or § 19-1303(5).*

*(f) The total household income is less than or equal to one hundred fifty percent (150%) of the Area Median Income, adjusted for household size, as established by the U.S. Department of Housing and Urban Development in its most recent publication for Philadelphia County.*

*§19-3904. Eligible Areas.*

*The following areas of the City are hereby declared to be established residential areas or areas of deteriorated, vacant or abandoned homes and properties:*

*(1) All wards of the City.*

*§19-3905. Benefit Determinations.*

*(1) For purposes of calculating City and School District real estate taxes, upon application pursuant to subsection (2), below, if the certified market value of an eligible property for any tax year, minus any homestead exclusion, is more than three times the certified market value of such property for the immediately preceding tax year, then the certified market value of such property for such tax year shall be deemed to equal three times the certified market value of such property for the immediately preceding tax year, and no further homestead exclusion shall be allowed. The foregoing deemed certified market value shall remain the deemed certified market value until such property is sold, transferred or is no longer the principal residence of the eligible taxpayer, but in no event for more than ten years.*

*(2) The Department of Revenue shall include with the annual property tax bill sent to each taxpayer (a) a notice clearly describing the program authorized by this Chapter, the steps a taxpayer must take to enter into the program, and the deadline for doing so; and (b) an application form. The Department and the OPA shall post a downloadable version of the form on their respective websites.*

*(3) No later than January 15 of each tax year, the owner of any property that meets the criteria set forth in Section 19-3903 and who wishes to participate in the program must apply to the OPA for certification as a participant in the program.*

*(4) The OPA shall promulgate such rules, regulations, schedules or procedures as it deems necessary for the submission and establishment of proof of the eligibility of the taxpayer for the real property tax exemption provisions of this Chapter.*

*(5) The OPA shall approve or deny the application and shall determine the exemption amount to which the longtime owner-occupant is entitled. The OPA may also deny the application for lack of complete documentation with leave to refile within a stated period of time.*

*(6) Nothing in this Chapter shall be construed as a limitation on the eligibility or the amount of any special tax provisions of any longtime owner-occupant who qualifies for the special tax provisions established in Chapter 19-2900 entitled "Senior Citizen Low Income Special Tax Provisions".*

*(7) If, for any tax year, the total City and School District taxes exempted pursuant to the foregoing on all properties in the City, as certified by the Department no later than forty-five days after the deadline for applications under this Chapter, are in excess of twenty million dollars (\$20,000,000) then, notwithstanding*

*subsection (1), above, the exemptions shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes exempted do not exceed \$20,000,000.*

*§19-3906. Prohibited Conduct: Penalties and Additions.*

*No taxpayer shall intentionally make any false statement when making application for eligibility to receive an exemption of real property taxes. If it is determined that a taxpayer made application for the real property tax exemption program on the basis of a false statement the eligibility for the exemption provisions is null and void and the applicant shall be required to pay the City outstanding tax liability and any additions, interest or penalties computed as if the taxpayer had never been granted any exemption.*

*§19-3907. Review by Tax Review Board.*

*The Tax Review Board is authorized to review any adverse final decision or determination of the OPA relating to a taxpayer's initial and continued eligibility for the real property tax exemption program as provided herein, in like manner and with the same effect as a petition for review, as provided in Chapter 19-1700.*

SECTION 2. Subsection 19-3903(f) of The Philadelphia Code, as added by Section 1 of this ordinance, shall take effect upon authorization of the General Assembly, and shall apply to all applications filed before or after such date. All other provisions of this ordinance shall take effect immediately.

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**Explanation:**

*Italics* indicate new matter added.