

**OFFICE OF PROPERTY ASSESSMENT
FISCAL YEAR 2015 BUDGET TESTIMONY
APRIL 1, 2014**

EXECUTIVE SUMMARY

DEPARTMENT MISSION AND FUNCTION

The OPA is primarily responsible for discovering, listing, and valuing all real property in the City of Philadelphia, in a fair and equitable manner. Additionally, the OPA is charged with providing a response to real property tax appeal cases, applying real property tax exemptions, and administering the Real Property Tax Abatement Program.

There are approximately 579,000 parcels of real property in the City of Philadelphia. These include residential, condominium, multi-family, large apartment complexes, retail, hospitality, office, industrial, warehouse, hospital, government (city, state, and federal), religious, exempt, and non-exempt property uses.

As a short-term goal, OPA plans to respond to any outstanding First Level Review and Board of Revision of Taxes appeal that has been filed. Additionally, OPA will conduct an audit of all exempt parcels located throughout the City.

As a long-term goal, OPA will continue to collect valuable data on the characteristics of parcels located throughout the City, in an effort to keep all parcel records current.

For fiscal year 2015, we are requesting from Council a general fund budget of \$13,728,918.

PROPOSED BUDGET HIGHLIGHTS/FUNDING REQUEST (bullet form)

- FY 2015 OPA's Budget request continues to support full staffing targeted at 217 for OPA. Class 100 obligations are anticipated at \$10,158,928. There are only slight changes to the department's class 300 and class 400. The combined Class 300/400 FY 2015 Budget request totals \$794,600. OPA will continue to support the implementation of AVI and maintenance of the comprehensive changes to the property tax system. The FY 2015 budget request includes an overall increase of \$401,642 to fully finance property reassessment activities

OPA's Total FY 2015 Budget request amounts to \$13,727,918 as follows:

- Class 100 - \$10,158,928
- Class 200 - \$2,309,748
- Class 300 - \$766,600
- Class 400 - \$28,000

**OFFICE OF PROPERTY ASSESSMENT
BUDGET SUMMARY AND OTHER BUDGET DRIVERS**

Financial Summary by Class - General Fund

	Fiscal 2013 Actual Obligations	Fiscal 2014 Original Appropriations	Fiscal 2014 Estimated Obligations	Fiscal 2015 Proposed Appropriations	Difference FY14 - FY15
Class 100 - Employee Compensation	\$8,140,264	\$10,158,928	\$10,158,928	\$10,158,928	\$0
Class 200 - Purchase of Services	\$3,003,781	\$2,309,748	\$2,309,748	\$2,774,390	\$464,642
Class 300 - Materials and Supplies	\$420,008	\$841,600	\$841,600	\$766,600	(\$75,000)
Class 400 - Equipment	\$971	\$16,000	\$16,000	\$28,000	\$12,000
Class 500 - Contributions	\$0	\$0	\$0	\$0	\$0
Class 700 - Debt Service	\$0	\$0	\$0	\$0	\$0
Class 800 - Payment to Other Funds	\$0	\$0	\$0	\$0	\$0
Class 900 - Advances/Misc. Payments	\$0	\$0	\$0	\$0	\$0
TOTAL	\$11,565,024	\$13,326,276	\$13,326,276	\$13,727,918	\$401,642

Staff Demographics Summary*

	Total	Minority	White	Female
Full-Time Staff	175	47%	53%	59%
Executive Staff	1	100%	0%	0%
Average Salary - Executive Staff	\$147,446	\$147,446	\$0	\$0
Median Salary - Executive Staff	\$147,446	\$147,446	\$0	\$0

Employment Levels*

	Budgeted	Approved	Filled
Full-Time Positions	217	217	175
Part-Time Positions	11	11	2
Executive Positions	1	1	1

Contracts Summary*

	FY09	FY10	FY11	FY12	FY13	FY14*
Total amount of contracts	N/A	N/A	\$179,400	\$254,211	\$2,485,353	\$756,934
Total amount to M/W/DBE	N/A	N/A	\$20,000	\$85,750	\$1,779,100	\$472,157
Participation Rate	N/A	N/A	11%	34%	72%	62%

*As of February 2014

**OFFICE OF PROPERTY ASSESSMENT
PERFORMANCE, CHALLENGES AND INITIATIVES**

DEPARTMENT PERFORMANCE (OPERATIONS)

FY 2014 included the final stages of the Actual Value Initiative (“AVI”), during which the OPA completed the first complete, citywide reassessment. Simultaneously, the city simplified its property assessment formula by applying a 100% assessment ratio after decades of fractional assessments. The initiative, which began in 2010 and continued through 2013 resulted in the first major reassessment of all 579,000 parcels in the City of Philadelphia in several decades, and will play a substantial role in removing the inequities in property assessment in the city. Improvement in the quality of property assessment can be found in two important measurements - the Price Related Differential (PRD), which measures assessment uniformity between lower and higher valued properties –and the Coefficient of Dispersion (COD), which measures uniformity between different property groups.

In mass appraisal, the PRD is a statistic for measuring the extent to which high value properties are assessed similarly to low value properties. A result closer to or slightly above 1 is considered desirable. As a result of the reassessment, the PRD for single family parcels improved from .970 (target was .980 – 1.050) to 1.037 in the first year (certified tax year 2014). This is within industry standards.

The COD is the most used measure of overall uniformity in assessment ratio studies. Technically, it measures the extent to which the relationship between the assessment and sale price (the assessment ratio) deviate from the median. In general, a decrease in the deviation is considered an improvement in the COD. For the same period, the COD for single family parcels improved from .275 (target was less than .150) to .139 – an improvement of 49.5%. This is also within industry standards.

DEPARTMENT CHALLENGES

One of the main challenges that the OPA faces is the ability to effectively plan its daily workflow around a normal assessment calendar of activities. Due to the fact that the OPA has not been able to obtain a 6 month schedule of appeal cases that were filed with the Board of Revision of Taxes that is consistent and reliable, OPA is facing numerous operational challenges.

Another main challenge that the OPA faces is the ability to increase its staffing levels that mirror industry standards. While the budget contains the necessary funding to increase staffing, it has been difficult to attract and retain evaluators.

STAFFING LEVELS

- Current Staffing Level – Positions by Function
 - Chief Assessment Officer – 1
 - HR and Administrative Support - 6
 - Real Property Evaluation Staff – 126
 - Real Property Evaluation Support - 40

- Proposed Staffing Level – Positions by Function
 - Chief Assessment Officer – 1
 - HR and Administrative Support - 6
 - Real Property Evaluation Staff – 157
 - Real Property Evaluation Support - 53

- New Hires – (January 2013 – Current)
 - Caucasian –13

- African-American – 10
- Hispanic – 0
- Asian – 2
- All Languages Spoken – (Reported by Staff)
 - Spanish - 1
 - French - 2
 - Russian - 1
 - Creole - 1
 - Hindi - 2
 - Mongolian - 1
 - Malayalam - 2
 - Tamil - 1
 - Bengali - 1

PAST INITIATIVES

During the past year, the OPA was responsible for the administration of new taxpayer relief programs created to help mitigate taxpayer concerns over potential increases in annual property taxes. Among those is the **Homestead Exemption** – an exemption of up to \$30,000 of assessed value offered to owners of residential parcels for their primary residence.

Homestead Exemption

The OPA passed its first major milestone with the Homestead Exemption program with the deadline of September 13, 2013 for Tax Year 2014. As a result of expanded outreach conducted by the Administration and by City Council, the additional provision for new homebuyers through December 2013, and enrollment in Homestead via the Senior Tax Freeze, approximately 232,000 properties have been approved for the Homestead Exemption for Tax Year 2014.

While this is a good figure for enrollment based on a new program, the OPA is committed to continuing its citywide outreach to reach those eligible homeowners who may have missed the Homestead for 2014, and get them enrolled for 2015. The OPA will continue its work with community groups/organizations and will utilize train-the-trainer type outreach to help continue disseminating information about the program. Future telephone town halls, which proved successful with a large number of residents citywide, may be scheduled. Information about the Homestead will also be included with notification letters, concerning deed changes, mailed by the Records Department, as well as provided to local Realtors, so that they may advise new homeowners of the program’s availability.

Tangled title cases are an issue that the OPA is aware of and is working with numerous other departments in the city, as well as with Council, to identify a solution and plan to work with and assist these specific situations.

The OPA’s website—www.phila.gov/OPA—continues to offer property owners information regarding their property valuation data, including the Homestead Exemption. Available information includes applications, assistance and information about denials and reapplying, and answers to frequently asked questions. For those without Internet access or more specific questions, the Homestead Hotline—215-686-9200—continues to operate; Monday through Friday: 8:30am – 6pm. Non-English speaking property owners can conduct their call in any language.

With the passing of the 2014 Homestead Exemption deadline, the OPA has launched its audit of Homestead applications. Due to the volume and timing of processing of Homestead applications for

inclusion in the tax bill, there was not sufficient time to conduct a proper audit of approvals, and we are aware that there are properties that received the Homestead and should not have. Some cases may have been an honest error on the part of the property owner, but there may be cases where the owner knowingly filed a false application or for multiple properties. As a result, the OPA has designed an auditing process that will contact property owners, informing them of questions and/or issues regarding the validity of their application and/or property. These notifications will be going out within the next few weeks.

CURRENT INITIATIVES

OPA will continue to seek property owners who may be eligible for the Homestead Exemption Program. Also, among the current initiatives designed to improve Philadelphia's property tax system is a comprehensive audit of all statutorily exempt parcels in the city. OPA is now in the process of auditing over 23,000 properties that enjoy tax exemptions based on the non-profit status of the owner, and whether or not that institution has retained its 501 (C) (3) status. Forms have been completed and will be mailed to all exempt property owners, with instruction to submit information verifying the continued non-profit status.

NEW INITIATIVES

As a new initiative OPA will mail approximately 400,000 questionnaires to single-family residential property owners and to property owners that have parcels that contain less than 5 units, in an attempt to obtain more detailed data concerning the characteristics of these properties. This will occur in the fall of this year. Of the approximately 579,000 parcels that exist here in the City of Philadelphia, reports indicate that at least 400,000 are single-family residential parcels or properties that contain less than 5 units.

OTHER BUDGETARY IMPACTS

FEDERAL AND STATE (WHERE APPLICABLE)

- Explain in narrative and/or bulleted form the impacts of increased or decreased federal and/or state funds

OTHER

CONTRACTING EXPERIENCE

M/W/DBE Participation on Large Contracts

FY14 Contracts

Vendor	Service Provided	Amount of Contract	RFP Issue Date	Contract Start Date	Ranges in RFP	% of M/W/DBE Participation Achieved	\$ Value of M/W/DBE Participation	Total % and \$ Value Participation - All DSBEs	Living Wage Compliant?
Linebarger	Call Center, LOOP	\$350,000	2012	7/1/12	MBE:	0%	-		y/n
					WBE:	100%	350,000	100%	
Vanguard Direct	Customer Svc, App Process	\$242,190	2012	7/1/12	MBE:	0%	-		y/n
					WBE:	0%	-	0%	
Camins	Appraiser Consultant	\$60,000	2012	7/1/12	MBE:	0%	-		y/n
					WBE:	0%	-	0%	
CDI IT Solutions	Staff Augmentation	\$48,750		3/24/11	MBE:	16%	7,800		y/n
					WBE:	0%	-	16%	
Eight Eleven	LOOP Outreach	\$32,000			MBE:	0%	-		y/n
					WBE:	100%	32,000	100%	
					DSBE:	0%	-	\$32,000	

DEPARTMENT EMPLOYEE DATA

Staff Demographics

Full-Time Staff

Executive Staff

	Male	Female	Male	Female
Total	72	103	1	0
% of Total	41%	59%	100%	0%
	African-American	African-American	African-American	African-American
Total	23	47	1	0
% of Total	13%	27%	100%	0%
	White	White	White	White
Total	44	49	0	0
% of Total	25%	28%	0%	0%
	Hispanic	Hispanic	Hispanic	Hispanic
Total	1	5	0	0
% of Total	1%	3%	0%	0%
	Asian	Asian	Asian	Asian
Total	4	2	0	0
% of Total	2%	1%	0%	0%
	Other	Other	Other	Other
Total	0	0	0	0
% of Total	0%	0%	0%	0%
	Bi-lingual	Bi-lingual	Bi-lingual	Bi-lingual
Total	7	5	0	0
% of Total	4%	3%	0%	0%

