

AN ORDINANCE

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 Payment Diversion 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 Payment Diversion 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 right to the free assistance of a housing counselor, and the right to enter into a tax payment deferral program for financial hardships*; 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, *the availability of hardship deferrals pursuant to Section 19-1307*, and the [availability of] *requirement that* free advice and assistance from housing counseling agencies and legal services agencies for taxpayers who are eligible *will be provided by the City*. 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 taxpayer seeking to enter into a payment agreement related to real estate tax liabilities shall [have a right to] *be scheduled for* 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] *an independent* housing counselor [present] *shall be appointed to assist the taxpayer*. *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:

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(.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 appointed 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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§ 19-1307. [Deferrals of Real Estate Tax] *Taxpayer Diversion Program* for Taxpayers *Suffering Financial Hardship* Based Upon Household Income, Household Expenses, and Available Liquid Assets.

(1) The Department of Revenue is authorized to grant deferrals, in whole or in part, of [increases in] *any* real estate tax on any real property, that may be due the City of Philadelphia or the School District of Philadelphia, upon making a determination of the eligibility for deferral of an Owner, as provided herein.

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(3) Hardship deferral. A deferral of payment of [an increase in] real estate tax may be granted for [any increase, or portion thereof, of real estate tax that is greater than fifteen percent (15%) in any given year, when such increase would create] a financial hardship. Hardship shall be determined by consideration of the following factors:

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(4) [For purposes of determining whether a property has experienced an increase of greater than 15% for purposes of subsection (3), above ("Hardship deferral"), any abatements for the prior tax year, pursuant to Section 19-1303(2), (3), (4) or (5) or otherwise, shall be disregarded.] *Reserved.*

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(13) If, for any tax year, the total City and School District taxes deferred pursuant to the foregoing on all properties in the City, as certified by the Department no later than forty-five (45) days after the deadline for applications under this Section, are in excess of [three million dollars (\$3,000,000.00)] *ten million dollars (\$10,000,000)* then, notwithstanding the initial determination of the deferral amount for which a taxpayer is eligible under subsections (3) and (6), deferrals shall be allocated among all eligible taxpayers on a pro rata basis so that the total taxes deferred do not exceed [\$3,000,000.00] *\$10,000,000* or such other amount greater than [\$3,000,000.00] *\$10,000,000* as the Mayor may authorize.

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Explanation:

[Brackets] indicates matter deleted.

Italics indicate new matter added.