



CITY OF PHILADELPHIA

DEPARTMENT OF REVENUE
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FRANK BRESLIN, CPA
Revenue Commissioner
Chief Collections Officer

April 10, 2019

The Honorable Darrell Clarke
City Council President
City Hall, Room 490
Philadelphia, PA 19107

Dear Council President Clarke:

This letter is in response to questions raised at the March 25, 2019 hearing before the Committee of the Whole on the Fiscal Year 2020 Proposed Budget for the Five-Year Plan. At this hearing, the following questions were asked:

Councilmember Parker: By Council District, provide detail outlining who is paying residential taxes.

Real Estate Tax Payments by Council District				
FY 2018				
Council District	Homeowner	Non-homeowner residential	All other property types	Total
1	\$ 50,059,913	\$ 94,158,522	\$ 129,632,799	\$ 273,851,236
2	\$ 42,127,420	\$ 74,246,993	\$ 72,864,238	\$ 189,238,653
3	\$ 14,928,196	\$ 36,271,617	\$ 35,904,124	\$ 87,103,940
4	\$ 39,990,883	\$ 49,407,064	\$ 33,256,193	\$ 122,654,145
5	\$ 32,112,688	\$ 65,827,301	\$ 147,108,138	\$ 245,048,132
6	\$ 41,408,637	\$ 42,905,325	\$ 25,273,929	\$ 109,587,897
7	\$ 13,319,025	\$ 34,075,888	\$ 17,876,245	\$ 65,271,165
8	\$ 39,152,415	\$ 44,238,179	\$ 25,562,692	\$ 108,953,294
9	\$ 36,559,534	\$ 39,300,560	\$ 15,522,029	\$ 91,382,132
10	\$ 71,679,284	\$ 43,335,597	\$ 41,146,751	\$ 156,161,643
NA ¹	\$ 7,538	\$ 97,824	\$ 1,401,304	\$ 1,506,667
Total	\$ 381,345,536	\$ 523,864,871	\$ 545,548,443	\$ 1,450,758,850

¹ Roughly 100 currently active parcels are not sufficiently geocoded to determine the Council District. Additionally, there are defunct parcels (ones that have been consolidated or subdivided, no longer having an address) that are not geocoded.

Councilmember Parker: By Council District, provide detail outlining who is delinquent on residential taxes.

Real Estate Tax Delinquency by Council District				
Includes accounts in Payment Agreements & Under Appeal				
As of June 30, 2018				
# of Accounts				
<i>Council District</i>	<i>Homeowner</i>	<i>Non-homeowner residential</i>	<i>All other property types</i>	<i>Total</i>
1	990	2,674	640	4,304
2	1,492	3,795	462	5,749
3	3,121	5,976	953	10,050
4	2,188	4,148	454	6,790
5	2,324	9,382	1,221	12,927
6	773	1,010	218	2,001
7	2,331	7,262	1,020	10,613
8	3,241	6,484	721	10,446
9	1,907	1,569	232	3,708
10	500	562	92	1,154
NA	4	23	228	255
Total	18,871	42,885	6,241	67,997
Principal Due				
<i>Council District</i>	<i>Homeowner</i>	<i>Non-homeowner residential</i>	<i>All other property types</i>	<i>Total</i>
1	\$ 3,633,977	\$ 4,866,061	\$ 3,178,581	\$ 11,678,619
2	\$ 4,838,985	\$ 7,879,217	\$ 2,271,910	\$ 14,990,112
3	\$ 11,170,873	\$ 13,709,132	\$ 3,900,999	\$ 28,781,004
4	\$ 8,970,029	\$ 10,254,373	\$ 2,137,131	\$ 21,361,533
5	\$ 5,388,139	\$ 16,275,051	\$ 3,916,568	\$ 25,579,758
6	\$ 2,944,623	\$ 2,247,260	\$ 1,101,208	\$ 6,293,091
7	\$ 5,438,920	\$ 11,324,129	\$ 2,893,624	\$ 19,656,673
8	\$ 13,505,909	\$ 18,085,155	\$ 4,047,559	\$ 35,638,623
9	\$ 9,202,884	\$ 4,482,082	\$ 1,459,148	\$ 15,144,114
10	\$ 2,427,148	\$ 1,523,707	\$ 556,438	\$ 4,507,293
NA	\$ 28,947	\$ 48,790	\$ 535,440	\$ 613,177
Total	\$ 67,550,434	\$ 90,694,957	\$ 25,998,606	\$ 184,243,997

Council District	Total Due			
	Homeowner	Non-homeowner residential	All other property types	Total
1	\$ 6,619,016	\$ 9,226,484	\$ 5,526,439	\$ 21,371,939
2	\$ 9,540,230	\$ 15,894,102	\$ 3,741,193	\$ 29,175,525
3	\$ 24,832,550	\$ 30,614,224	\$ 7,381,806	\$ 62,828,580
4	\$ 18,970,586	\$ 22,614,601	\$ 3,807,764	\$ 45,392,951
5	\$ 12,122,881	\$ 40,824,817	\$ 7,412,419	\$ 60,360,117
6	\$ 5,405,511	\$ 3,946,879	\$ 1,769,504	\$ 11,121,894
7	\$ 11,806,289	\$ 25,672,602	\$ 5,651,786	\$ 43,130,677
8	\$ 28,309,373	\$ 40,906,167	\$ 7,703,347	\$ 76,918,887
9	\$ 17,825,811	\$ 8,414,824	\$ 2,460,819	\$ 28,701,454
10	\$ 4,322,915	\$ 2,674,931	\$ 964,844	\$ 7,962,690
NULL	\$ 66,275	\$ 93,492	\$ 1,032,249	\$ 1,192,016
Total	\$ 139,821,437	\$ 200,883,123	\$ 47,452,170	\$ 388,156,730

Councilmember Domb: On the Real Estate Transfer Tax, how much is abated vs. unabated properties?

FY2018 Realty Transfer Tax Collections by 10 Year Tax Abatement

Type of property	Number of properties	Percentage of properties	Realty Transfer Tax paid	Percentage of Transfer Tax paid
With abatement	1,190	2.7%	\$31,400,738.07	9.6%
Without abatement	42,701	97.3%	\$294,121,358.96	90.4%
Total	43,891	100.0%	\$325,522,097.03	100.0%

Councilmember Gym: How far off from the \$93M projected sequestration figure are we expected to be?

The Administration does not make projections in the Five-Year Plan for collections by enforcement type (ex. Sequestration, delinquent billing, Sheriff Sale, payment agreement) and did not estimate \$93 million in collections from Sequestration for FY 2019-2023. Total tax collections for FY 2019 are on track to meet projections.

Total delinquent Real Estate Tax Collections in the FY 2020-2024 Five-Year Plan for the General Fund are projected to generate \$180.5 million. We estimate that \$219.4 million in delinquent Real Estate Taxes will accrue to the School District over that period, for a total of \$399.9 million. Due to the successes of our enforcement efforts, in each year of the Five-Year Plan, delinquent Real Estate Tax collections are projected to decline by 2% due to effective collection efforts that are the shrinking pool of delinquencies and increasing on-time payments.

In FY 2018, Sequestration led to \$14.9 million in Real Estate Tax collections for the City and School District. With the Department's notable achievements in driving down delinquency in recent years, there

now remains a limited pool of accounts that are good candidates for this type of enforcement. Despite an increased volume of accounts being worked at a given time, smaller balances and payments of the accounts in Sequestration (the FY19 average payment for Sequestration is \$2,333 compared to \$6,027 in FY16), the Administration anticipates it will be a smaller share of the total collections in the future.

Councilmember Domb: With sequestration, the thinking was that the available pool for \$100M of investor-owned, tenant-occupied. What are the numbers for this pool?

There are 8,957 accounts that are either actively being worked or are candidates for sequestration. They owe \$38.4 million in principal and \$67.7 million in total.

- a. 8,202 have begun but not completed the sequestration process, including those in a payment agreement or assigned to co-counsel or a Sequestrator. These accounts owe \$35.3 million in principal and \$62.6 million in total.
- b. 755 additional accounts, owing \$3.0 million in principal and \$5.1 million in total have been identified as potential Sequestration candidates but have not yet been contacted for this particular type of enforcement.

If you have any additional questions, please feel free to contact my office.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Frank Breslin', is written over the closing text.

Commissioner Frank Breslin, CPA
Chief Collections Officer

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