

# CITY OF PHILADELPHIA



OWNER OCCUPIED PAYMENT AGREEMENTS

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## 2014 ANNUAL REPORT

Submitted by:  
The City of Philadelphia, Department of Revenue  
April 2015

*As Required by Section 19-1305(7)(b) of The Philadelphia Code*

## **Owner Occupied Payment Agreement Statistical Report 2014 ANNUAL REPORT**

The Owner Occupied Payment Agreement (OOPA) is a payment agreement option for people who own and reside in their property. The plan is designed to create an affordable repayment agreement on delinquent taxes, while also requiring the homeowner to stay current on new taxes as they become due each year.

There are two ways that the monthly payment amount can be determined.

### **Option 1 - A set amount based on your household income.**

Monthly payment will be set as a percentage of household income.

Tier Four: Taxpayers whose monthly household income is at or below thirty percent (30%) of the Area Median Income will pay 5% of household monthly income. Monthly payment will be at least \$25 a month.

Tier Three: Taxpayers whose monthly household income is above thirty percent (30%) but no more than fifty percent (50%) of the Area Median Income will pay 8% of household monthly income.

Tier Two: Taxpayers whose monthly household income is above fifty percent (50%) but no more than seventy percent (70%) of the Area Median Income will pay 10% of household monthly income.

Tier One: Taxpayers whose monthly household income is above seventy percent (70%) of the Area Median Income are eligible for an agreement at terms decided by the Department.

The monthly payment described above is for the delinquent tax only. The owner occupant will have additional payments for current taxes each year when they are due.

### **Option 2 – An individualized amount based on household income and expenses.**

In this option, household income and full budget (how money is spent each month) must be disclosed. Revenue reviews income and expenses. Revenue reserves the right to disallow expenses that are not reasonable and necessary. Any extra money in the budget must be paid to the property taxes. That amount will then be set as your regular monthly payment for the owner occupied payment plan. The monthly payment will be at least \$25.

The monthly payment described above is for the delinquent tax only. The owner occupant will have additional payments for current taxes each year when they are due.

NOTE: If household income is above 70% of the Area Median Income, the Department of Revenue has discretion to deny the owner occupied payment plan application.

## **Required Statistical Reporting**

### **Total number of delinquent real estate tax accounts:**

There are 26,938 delinquent homestead accounts with a delinquent tax liability of \$50,250,046 (\$50,250,046 principal + \$21,466,980 interest + \$3,172,439 penalty + \$8,236,826 other).

There are 89,972 delinquent non-homestead accounts with a delinquent tax liability of \$267,907,088 (\$267,907,088 principal + \$123,947,413 interest + \$14,308,434 penalty + \$58,741,267 other).

The total number of delinquent accounts is 116,910 and the delinquent tax liability is \$318,157,134 (\$318,157,134 principal + \$145,414,393 interest + \$17,480,873 penalty + \$66,978,093 other).

The delinquent tax liabilities within the agreements range from 1 to 38 years old. The percentage of delinquencies 5 years or less is 83% for homestead accounts and 61% for non-homestead accounts.

### **Number of Risk of Tax Foreclosure Warnings sent:**

The Revenue Department sent 20,224 First Time Delinquent Notices to taxpayers with past due 2014 real estate tax. This letter explained consequences of failure to pay 2014 real estate tax by the end of December 2014.

### **Taxpayer contacts that resulted in payment agreements:**

The Revenue Department and its representatives entered into 11,409 Standard Real Estate Agreements and another 6,392 Owner Occupied Payment Agreements. A total of 17,801 taxpayer contacts resulted in payment agreements.

### **Taxpayer contacts that did not result in payment agreements:**

Although the Revenue Department does not track the reason for each individual taxpayer call, e-mail, letter, or office visit, we do know that there were 1,268 taxpayers who started, but failed to complete the process for an OOPA last year. The failure to complete the process was most commonly caused by abandonment of an application or failure to return signed payment agreements.

### **Number of taxpayers referred to housing counseling or legal service agencies:**

Every taxpayer applying for this program is given an OOPA application packet which includes a Taxpayer Assistance Brochure. This brochure lists housing counseling and legal service agencies where the taxpayer can seek professional assistance. The Taxpayer Assistance Brochure is also available on our website to all interested parties.

The Department and its representatives do not make direct referrals to specific agencies.

### **Existing OOPA statistics:**

The amount under agreement may be less than the sum of principal, interest, penalty and other because of waivers associated with the different tiers.

Tier	Length of Agrmt	Total Agrmt	Total Amt Under Agrmt	Principal	Interest	Penalty	Other
Tier 1	≤12 months	43	\$85,852.02	\$77,409.26	\$5,452.05	\$961.71	\$2,029.00
	≤36 months	119	\$920,925.02	\$691,825.53	\$124,927.30	\$35,826.74	\$68,531.11
	≤60 months	4	\$38,621.03	\$26,466.71	\$6,323.09	\$1,528.04	\$4,303.19
	≥61 months	6	\$64,107.23	\$36,587.96	\$12,320.36	\$2,152.34	\$13,046.57
	total	172	\$1,109,505.30	\$832,289.46	\$149,022.80	\$40,468.83	\$87,909.87
Tier 2	≤12 months	81	\$186,323.39	\$164,433.64	\$13,948.62	\$4,327.51	\$8,225.36
	≤36 months	154	\$1,024,409.41	\$765,334.21	\$175,530.18	\$41,776.90	\$57,794.28
	≤60 months	37	\$439,897.88	\$313,233.09	\$90,578.93	\$18,199.35	\$48,859.71
	≥61 months	23	\$562,485.23	\$341,762.57	\$164,640.48	\$22,364.25	\$75,368.21
	total	295	\$2,213,115.91	\$1,584,763.51	\$444,698.21	\$86,668.01	\$190,247.56
Tier 3	≤12 months	187	\$230,227.94	\$211,089.60	\$20,480.08	\$4,973.20	\$9,278.47
	≤36 months	419	\$1,572,691.65	\$1,288,172.46	\$287,543.34	\$70,054.16	\$194,777.65
	≤60 months	284	\$1,866,710.56	\$1,418,093.63	\$460,061.40	\$95,773.96	\$266,777.05
	≥61 months	269	\$4,023,736.09	\$2,832,242.69	\$1,517,317.95	\$183,117.93	\$542,288.00
	total	1,159	\$7,693,366.24	\$5,749,598.38	\$2,285,402.77	\$353,919.25	\$1,013,121.17
Tier 4	≤12 months	163	\$98,318.15	\$95,122.22	\$11,118.35	\$13,223.11	\$3,369.36
	≤36 months	652	\$875,729.18	\$813,129.74	\$138,458.01	\$31,020.94	\$84,169.59
	≤60 months	554	\$1,379,448.37	\$1,209,136.70	\$306,763.94	\$63,942.35	\$196,524.75
	≥61 months	3,397	\$28,623,479.62	\$24,599,010.15	\$12,038,601.58	\$1,521,493.48	\$4,776,217.98
	total	4,766	\$30,976,975.32	\$26,716,398.81	\$12,494,941.88	\$1,629,679.88	\$5,060,281.68
	<b>Grand Total</b>	<b>6,392</b>	<b>\$41,992,962.77</b>	<b>\$34,883,050.16</b>	<b>\$15,374,065.66</b>	<b>\$2,110,735.97</b>	<b>\$6,351,560.28</b>

**Total Number of OOPA Defaults:**

Taxpayers have defaulted on their OOPA's to date for failure to pay the agreed upon monthly payment. Default statistics are as follows:

Tier 1 – 14; Tier 2 – 30; Tier 3 – 111; Tier 4 – 333

Total Defaults – 488

Default Rate – approximately 7%