

CITY OF PHILADELPHIA



OWNER-OCCUPIED PAYMENT AGREEMENTS (OOPA)

2016 ANNUAL REPORT

Submitted by:
The City of Philadelphia, Department of Revenue
September 22, 2017

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

Owner Occupied Payment Agreement Statistical Report 2016 ANNUAL REPORT

Key Stats for 2016

- **9,707 current OOPA agreements as of December 31, 2016**
- **\$72,660,530 under OOPA agreement as of December 31, 2016**
- **4,604 new OOPA agreements in 2016**
- **1,256 OOPA defaults in 2016**
- **1,108 OOPA completions in 2016**

The Owner-Occupied Payment Agreement (OOPA) is a payment agreement option for delinquent Real Estate Taxes for people who own and reside in their property. The plan is designed to create an affordable repayment agreement on delinquent taxes, based on their income.

There are two ways that the monthly payment amount can be determined, as outlined in the Philadelphia Code.

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 with terms at the discretion of the Department of Revenue (Department).

The monthly payment described above is for the delinquent taxes only. Per the enabling legislation, the owner occupant must pay the full amount of new taxes each year when they are due.

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

In this option, household income and expenses are evaluated. The Department of Revenue reviews the information provided and reserves the right to disallow expenses that are not reasonable and necessary. Any available money in the budget must be paid towards Real Estate Tax. That amount will then be set as your regular monthly payment for the Owner-Occupied Payment Agreement. The monthly payment minimum is \$25.

The monthly payment described above is for the delinquent taxes only. The owner occupant will also have to pay the full amount of new 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 Agreement application. In this case, a taxpayer could enter a Standard Payment Agreement, which requires a 50% down payment and the balance paid in full with 12 payments.

Required Statistical Reporting for 2016

Total number of delinquent real estate tax accounts as of December 31, 2016:

- Number of delinquent accounts 93,846
- Delinquent tax liability is \$485,277,513
 - \$260,642,267 principal + \$136,809,770 interest + \$16,787,302 penalty + \$71,038,174 other

- Delinquent homestead accounts 22,614
- Delinquent homestead tax liability \$98,663,817
 - \$53,487,191 principal + \$29,179,017 interest + \$3,951,556 penalty + \$12,046,053 other
 - Homestead accounts are those currently enrolled in the Homestead exemption, Longtime Owner-Occupant Program or owner-occupants in the 10-Year Tax Abatement.

- Delinquent non-homestead accounts 71,232
- Delinquent non-homestead tax liability \$386,613,696
 - \$207,155,076 principal + \$107,630,753 interest + \$12,835,746 penalty + \$58,992,121 other

The delinquent tax liability ranges in length from 1 to 45 years. Seventy four percent (74%) of homestead accounts are 5 years or less delinquent. Fifty four percent (54%) of non-homestead accounts are delinquent 5 years or less.

Risk of Tax Foreclosure Warnings sent:

The Department sent **86,993** Warning of Risk of Tax Foreclosure Action notices to taxpayers with past due 2016 Real Estate Tax as well as taxpayers with balances from previous years. This letter explained the consequences of failure to pay Real Estate Tax by the end of December 2016. The letter also includes information about assistance resources.

Taxpayer contacts that resulted in payment agreements:

The Department of Revenue and its representatives approved **6,647** Standard Real Estate Agreements and **4,604** Owner-Occupied Payment Agreements. A total of **11,251** taxpayer contacts resulted in payment agreements.

Taxpayer contacts that did not result in payment agreements:

Although the Department of Revenue does not track the reason for each individual taxpayer call, e-mail, letter, or office visit, we do know there were 483 taxpayers who started, but failed to complete the process for an OOPA in 2016. 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 qualified 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.

Existing OOPA statistics:

The amount under agreement may be less than the sum of principal + interest + penalty + other because of waivers of interest and penalty associated with the different tiers. A full explanation of the waivers can be obtained from The Revenue Department website at:

<http://www.phila.gov/Revenue/payments/agreements/Pages/LowIncome.aspx>

Tier	Term Length	Total Agrmts	Total Under Agrmt	Principal	Interest	Penalty	Other
Tier 1	≤12 months	11	\$31,484	\$18,298	\$7,936	\$2,256	\$2,993
	≤36 months	71	\$628,856	\$441,659	\$107,049	\$26,731	\$53,918
	≤60 months	9	\$166,320	\$121,258	\$25,979	\$6,420	\$12,663
	≥61 months	12	\$146,832	\$100,422	\$27,559	\$5,710	\$13,141
	total	103	\$973,492	\$681,637	\$168,522	\$41,117	\$82,716
Tier 2	≤12 months	33	\$76,137	\$56,407	\$10,558	\$4,038	\$8,579
	≤36 months	135	\$907,750	\$641,692	\$154,644	\$34,966	\$107,360
	≤60 months	61	\$757,752	\$506,981	\$166,137	\$27,341	\$81,166
	≥61 months	62	\$1,584,564	\$929,388	\$476,888	\$51,763	\$173,153
	total	291	\$3,326,202	\$2,134,468	\$808,227	\$118,107	\$370,258
Tier 3	≤12 months	68	\$84,658	\$61,793	\$13,903	\$3,338	\$13,257
	≤36 months	488	\$1,951,673	\$1,437,907	\$328,935	\$72,878	\$286,907
	≤60 months	415	\$2,946,877	\$2,168,973	\$608,551	\$110,961	\$382,014
	≥61 months	479	\$8,033,765	\$5,325,461	\$2,681,244	\$290,308	\$956,449
	total	1,450	\$13,016,973	\$8,994,134	\$3,632,633	\$477,485	\$1,638,627
Tier 4	≤12 months	49	\$52,608	\$44,192	\$10,381	\$1,928	\$6,692
	≤36 months	543	\$828,013	\$674,811	\$140,944	\$31,021	\$133,823
	≤60 months	971	\$2,538,118	\$2,029,607	\$410,077	\$93,526	\$427,035
	≥61 months	6,300	\$51,925,124	\$40,975,944	\$16,978,555	\$2,111,301	\$8,079,737
	total	7,863	\$55,343,863	\$43,724,554	\$17,539,957	\$2,237,777	\$8,647,286
Grand Total	9,707	\$72,660,530	\$55,534,792	\$22,149,340	\$2,874,486	\$10,738,888	

Total Number of OOPA Defaults:

Taxpayers default on their OOPA's for failure to pay the agreed upon monthly payment. Default statistics for 2016 are as follows:

- Tier 1 – 22
- Tier 2 – 47
- Tier 3 – 233
- Tier 4 – 954
- Total Defaults – 1,256 Defaults

Updated 2013-14 and 2015 OOPA statistics:

In preparation for this report, the Department of Revenue reviewed the methodology used to compile program statistics both from internal municipal databases, as well as from co-counsel pursuing collections on behalf of the City. This review resulted in a revised methodology focused on the status of a property, rather than individual agreements for each homeowner. Previously, if a homeowner entered an agreement, defaulted, and entered a new agreement, this would be treated as 2 separate OOPA agreements; overstating the number of homeowners participating and undercounting the number of completed agreements.

Statistics for 2015 using new methodology

- 7,605 current OOPA agreements as of December 31, 2015
- \$58,126,671 under OOPA agreement as of December 31, 2015
- 5,300 New OOPA agreements in 2015
- 1,022 OOPA defaults in 2015
- 1,585 OOPA completions in 2015

Statistics for 2013-14 using new methodology

- 4,779 current OOPA agreements as of December 31, 2014
- \$36,112,881 under OOPA agreement as of December 31, 2014
- 6,652 New OOPA agreements in 2013-14
- 307 OOPA defaults in 2013-14
- 1,360 OOPA completions in 2013-14