



# CITY OF PHILADELPHIA

DEPARTMENT OF REVENUE  
Municipal Services Building  
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Philadelphia, PA 19102  
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FRANK BRESLIN, CPA  
Revenue Commissioner  
Chief Collections Officer

April 20, 2018

The Honorable James Kenney, Mayor  
City of Philadelphia  
215 City Hall  
Philadelphia, PA 19102

Dear Mayor Kenney:

I am pleased to transmit herewith the 2017 Owner Occupied Payment Agreements Annual Report, as required by Section 19-1305(7)(b) of The Philadelphia Code. Copies of the report are also being sent to the President and the Chief Clerk of Council as required.

I will be pleased to provide any additional information that you or members of Council may request regarding the status of this program.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Frank Breslin".

Commissioner Frank Breslin, CPA  
Chief Collections Officer

mnm

Enclosure

cc: Council President Darrell L. Clarke  
Michael Decker, Chief Clerk  
Rob Dubow, Finance Director ✓

# CITY OF PHILADELPHIA



OWNER OCCUPIED PAYMENT AGREEMENTS (OOPA)

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## 2017 ANNUAL REPORT

Submitted by:  
The City of Philadelphia, Department of Revenue  
April 19, 2018

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

## Owner-Occupied Payment Agreement Statistical Report 2017 ANNUAL REPORT

### Key Stats for 2017

- 10,749 current OOPA agreements as of December 31, 2017
- \$80,863,451 under OOPA agreement as of December 31, 2017
- 3,943 New OOPA agreements in 2017
- 1,553 OOPA defaults in 2017
- 438 OOPA completions in 2017
- 3,643 OOPA taxpayers automatically enrolled into the Homestead Exemption for 2018

The Owner-Occupied Payment Agreement (OOPA) program allows homeowners to make affordable monthly payments on property taxes that are past due. 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 at terms decided by the 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 must be 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 the 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.

### Required Statistical Reporting for 2017

#### Total number of delinquent real estate tax accounts as of December 31, 2017:

- Delinquent accounts 87,496
- Delinquent tax liability \$447,721,264
  - \$235,271,086 principal + \$129,032,657 interest + \$15,638,235 penalty + \$67,779,286 other
  
- Delinquent homestead accounts 22,322
- Delinquent homestead tax liability \$105,743,506
  - \$55,104,995 principal + \$33,178,406 interest + \$4,237,736 penalty + \$13,222,369 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 65,174
- Delinquent non-homestead tax liability \$341,977,758
  - \$180,166,091 principal + \$95,854,251 interest + \$11,400,499 penalty + \$54,556,917 other.

The delinquent tax liability ranges in length from 1 to 41 years. 63% of homestead accounts are 5 years or less delinquent. 55% of non-homestead accounts are 5 years or less delinquent.

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

The Department of Revenue sent **77,400** Warning of Risk of Tax Foreclosure Action notices to taxpayers with past due 2017 Real Estate Tax as well as taxpayers with past due balances from previous years. This letter explained the consequences of failure to pay these real estate taxes by the end of December 2017. The difference between number of delinquent accounts and number of notices sent is due to accounts being assigned to outside counsel for a previous year delinquency, therefore making them not subject to billing by the Department of Revenue.

An example of this letter is available in nine languages on the Department of Revenue website at:

<https://beta.phila.gov/documents/warning-of-risk-of-tax-foreclosure/>

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

The Department of Revenue and its representatives approved **9,421** Standard Real Estate Agreements and **3,943** Owner-Occupied Payment Agreements. A total of **13,364** taxpayer contacts resulted in payment agreements.

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

The Department of Revenue does not track the reason for each individual taxpayer call, e-mail, letter, or office visit. We cannot accurately report on the number of taxpayer contacts that did not result in a

payment agreement. We do know that OOPA agreements are most commonly canceled because of the 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 list of 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: <https://beta.phila.gov/services/payments-assistance-taxes/payment-plans/owner-occupied-real-estate-tax-payment-agreement/>

Tier	Term Length	Total Agrmts	Total Under Agrmt	Principal	Interest	Penalty	Other
Tier 1	≤12 months	20	\$55,795	\$36,309	\$9,793	\$3,691	\$6,002
	≤36 months	78	\$612,742	\$435,148	\$93,299	\$26,536	\$57,759
	≤60 months	10	\$145,661	\$105,394	\$22,574	\$5,756	\$11,937
	≥61 months	17	\$218,521	\$61,561	\$25,058	\$2,206	\$10,595
	sub-total	125	\$1,032,720	\$638,412	\$150,724	\$38,189	\$86,293
Tier 2	≤12 months	56	\$128,548	\$90,871	\$21,410	\$6,788	\$15,711
	≤36 months	152	\$989,793	\$690,618	\$174,321	\$39,732	\$119,348
	≤60 months	53	\$622,759	\$412,154	\$144,507	\$24,019	\$67,341
	≥61 months	63	\$1,602,261	\$898,058	\$525,618	\$56,664	\$169,601
	sub-total	324	\$3,343,361	\$2,091,701	\$865,855	\$127,203	\$372,001
Tier 3	≤12 months	116	\$162,050	\$123,937	\$30,997	\$7,323	\$20,715
	≤36 months	586	\$2,304,645	\$1,691,738	\$417,336	\$99,128	\$347,939
	≤60 months	389	\$2,718,106	\$1,944,725	\$623,936	\$113,904	\$368,430
	≥61 months	547	\$9,495,973	\$6,157,559	\$3,195,892	\$342,966	\$1,222,759
	sub-total	1,638	\$14,680,774	\$9,917,960	\$4,268,161	\$563,321	\$1,959,843
Tier 4	≤12 months	93	\$65,164	\$57,659	\$12,204	\$2,530	\$7,505
	≤36 months	654	\$983,127	\$786,483	\$206,096	\$46,261	\$183,751
	≤60 months	1,060	\$2,731,515	\$2,124,197	\$506,855	\$113,826	\$512,352
	≥61 months	6,855	\$58,026,791	\$45,066,272	\$19,309,254	\$2,400,517	\$9,638,164
	total	8,662	\$61,806,597	\$48,034,610	\$20,034,409	\$2,563,133	\$10,341,773
<b>Grand Total</b>		<b>10,749</b>	<b>\$80,863,451</b>	<b>\$60,682,683</b>	<b>\$25,319,149</b>	<b>\$3,291,845</b>	<b>\$12,759,909</b>

**Total Number of OOPA Defaults:**

Taxpayers default on their OOPA's for failure to pay the agreed upon monthly payment. Default statistics for 2017 are as follows:

- Tier 1 - 25
- Tier 2 - 65
- Tier 3 - 289
- Tier 4 – 1,174
- Total Defaults – 1,553 Defaults

**Owner-Occupied Payment Agreement household auto-enrolled in the Homestead exemption:**

In November of 2017 the Department of Revenue automatically enrolled **3,654** owner occupied households into the Homestead exemption program based on their status as active Owner-Occupied Payment Agreement participants.

These households saved **\$1,476,243** on their 2018 real estate taxes through this process.