



CITY OF PHILADELPHIA

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

May 8, 2019

The Honorable James Kenney
Mayor, City of Philadelphia
City Hall, Room 215
Philadelphia, PA 19107

Dear Mayor Kenney:

I am pleased to transmit herewith the 2018 Owner-Occupied Payment Agreements (OOPA) 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 Chief Clerk of Council as required.

During 2018, the Department of Revenue increased homeowner enrollment in Real Estate Tax payment agreements by enhancing outreach and expanding multi-lingual communication to customers in neighborhoods, improving the customer application experience while boosting participation in other tax credit and assistance programs. I will be pleased to provide any additional information that you or members of City Council may request regarding the status of this program.

Very truly yours,

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

Frank Breslin, CPA
Revenue Commissioner and Chief Collections Officer

FB/mb

Enclosure

CC: Darrell L. Clarke, City Council President
Michael A. Decker, Chief Clerk of the City Council
Rob Dubow, Finance Director



City Hall credit M. Fischetti for VISIT PHILADELPHIA

2018 Annual Report Owner-Occupied Payment Agreement (OOPA)



**CITY OF PHILADELPHIA
DEPARTMENT OF REVENUE**

Executive Summary

The Owner-Occupied Payment Agreement underwent a number of changes in 2018 to offer more relief and support to homeowners struggling with Real Estate Taxes on their primary residence. By the end of 2018, there were 11,472 homeowners enrolled in OOPA with \$122,203,005 under agreement.

About the Owner-Occupied Payment Agreement

The Owner-Occupied Payment Agreement (OOPA) allows all homeowners to make affordable monthly payments on property taxes that are past due.

Based on the homeowner's family size and monthly income; payments on delinquent taxes can range from zero to ten percent of their monthly household income and include waivers of interest and penalties from zero to one hundred percent.

To be eligible, residents must live in the home that they own, be an equitable owner, or be an approved Trust. To stay eligible, homeowners are required to pay all property taxes, interest, and penalties as they become due under their Agreement. Some low-income and senior residents are eligible for OOPAs with a \$0-minimum monthly payment. There is no required down payment to sign up for an OOPA.

Taxpayers with incomes at or below 30% of Area Median Income or experiencing financial hardship can include current year taxes in their OOPA payment plan. Beginning in 2018, those taxpayers had the option of automatically including new property taxes into their current Agreement. Per the enabling legislation, all other participants must pay the full amount of new taxes each year when they are due.

OOPA TIERS

The monthly payment amount and level of interest and penalty relief is based on which Tier the homeowner is eligible for. The tiers are as follows:

Tier 5: Taxpayers whose monthly household income is below fifteen percent (15%) of the Area Median Income will pay 0% of household monthly income. Zero percent (0%) of interest. Zero percent (0%) of penalties accrued. Monthly payments will be \$0 a month.

Tier 4: Taxpayers whose monthly household income is at or below thirty percent (30%) of the Area Median Income will pay 5% of household monthly income. Zero percent (0%) of interest. Zero percent (0%) of penalties accrued. Monthly payment will be at least \$25 a month.

*If the Taxpayer falls into Tier 4, they may still be eligible to pay 0% of their monthly income if:

- They are 65 years or older; *or*
- They are 55 years or older, and a widow(er) of someone who passed away after 65; *or*
- They are permanently disabled; *or*
- A review of their household income and expenses shows net monthly income below \$25

Tier 3: 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. Fifty percent (50%) of interest. Zero percent (0%) of penalties accrued.

Tier 2: 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. One hundred percent (100%) of interest. Zero percent (0%) of penalties accrued.

Tier 1: Taxpayers whose monthly household income is above seventy percent (70%) of the Area Median Income are eligible for an Agreement at the discretion of the Department. Under the agreement, they will pay 10% of household monthly income. One hundred percent (100%) of interest. One hundred percent (100%) of penalties accrued.

The table below outlines what Tier a Taxpayer is in based on their household size and income.

2018 Tier Eligibility

Household Size	Monthly income				
	Tier 5	Tier 4	Tier 3	Tier 2	Tier 1
1	\$0 – \$767	\$768 – \$1,530*	\$1,531 – \$2,550	\$2,551 – \$3,570	\$3,571 and up
2	\$0 – \$875	\$876 – \$1,749*	\$1,750 – \$2,915	\$2,916 – \$4,080	\$4,081 and up
3	\$0 – \$983	\$984 – \$1,968*	\$1,969 – \$3,279	\$3,280 – \$4,591	\$4,592 and up
4	\$0 – \$1,092	\$1,093 – \$2,185*	\$2,186 – \$3,642	\$3,643 – \$5,098	\$5,099 and up
5	\$0 – \$1,179	\$1,180 – \$2,360*	\$2,361 – \$3,933	\$3,934 – \$5,507	\$5,508 and up
6	\$0 – \$1,267	\$1,268 – \$2,535*	\$2,536 – \$4,225	\$4,226 – \$5,915	\$5,916 and up
7	\$0 – \$1,354	\$1,355 – \$2,710*	\$2,711 – \$4,517	\$4,518 – \$6,323	\$6,324 and up

	8	\$0 – \$1,442	\$1,443 – \$2,885*	\$2,886 – \$4,808	\$4,809 – \$6,732	\$6,733 and up
You pay		0% of your monthly income	5% of your monthly income – see more information below	8% of your monthly income	10% of your monthly income	10% of your monthly income
Interest you pay		0%	0%	50%	100%	100%
Penalties you pay		0%	0%	0%	0%	100%

MONTHLY PAYMENT AMOUNT DETERMINATION

There are two ways that the tier and monthly payment amount can be determined for an applicant:

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

Monthly payments are set as a percentage of household income.

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 the regular monthly payment for the Owner-Occupied Payment Agreement. The monthly payment minimum is \$25 for Taxpayers who meet the criteria for a Tier 4 OOPA and zero dollars for Taxpayers who meet the criteria for a Tier 5 OOPA.

CHANGES TO OOPA IN 2018

During the reporting period the Department implemented changes pursuant to Bill 170519, including:

- Introducing a new tier, Tier 5, with \$0/month payments.
- Offering housing counseling to all applicants.
- Automatically including current year Real Estate Taxes into existing Agreements. Taxpayers were given the option to opt out and pay their 2018 Real Estate Taxes in addition to their payment agreement.
- Taxpayers were given the option to incorporate their 2018 Installment Agreements into in their OOPAs, rather than continuing to make two separate monthly payments.

- Applying payments from taxpayers who were eligible for the Pennsylvania Property Tax Rent Rebate towards their current year bill first to maximize their state refund.

TAXPAYER OUTREACH AND MULTI-LINGUAL SUPPORT

In the past year, the Department has utilized numerous strategies to increase awareness and enrollment in the Owner-Occupied Payment Agreement. These included:

- **Pop-up events** - 6 neighborhood pop-up events held in 4 different Philadelphia neighborhoods in collaboration with City Council members. These events included direct mailings about OOPA to homeowners with delinquent bills within walking distance of each location. Attendees were able to sign up for an OOPA on the spot.
- **Street Team pilot program** - visited 10,000 homes in the summer of 2018 in four of the City's most vulnerable census tracts. Teams handed out information about the Homestead Exemption, the Senior Citizen Real Estate Tax Freeze program, and OOPA.
- **Community Education** - Revenue staff participated in over 200 community outreach events through December 2018.
- **Continual Social Media and video content** - The Department regularly creates multi-lingual digital content about assistance programs, including Facebook, Twitter, blog posts and videos. We also share this content with community groups and stakeholders to magnify our message.

Statistical Reporting

Philadelphia Code section 19-1305(7)(b) specifies seven metrics that the Department shall report each year:

(.1) the total number of delinquent accounts broken down by homestead and non-homestead and an aged accounts receivable for such accounts in the aggregate, breaking out amounts due for principal, penalty, and interest;

Real Estate Tax Delinquency¹ as of December 31, 2018

	# Accounts	Principal	Interest	Penalties	Other	Total
Homestead	16,820	\$62,079,417	\$48,991,860	\$6,137,726	\$15,016,890	\$132,225,893
Non-Homestead Residential	23,761	\$48,656,806	\$27,460,360	\$5,007,372	\$18,445,807	\$99,570,345
All Other Properties	15,483	\$40,804,999	\$40,306,014	\$3,229,437	\$20,049,492	\$104,389,942
Total	56,064	\$151,541,223	\$116,758,235	\$14,374,535	\$53,512,188	\$336,186,181

(.2) the number of notices sent pursuant to subsection (2)(b) and how many Taxpayers contacted the Department in response to such notices, broken down by homestead and non-homestead;

¹ Amounts listed are for active and inactive periods. Active periods refer to periods after January 1, 2008 that are most likely to be collected and inactive periods refers to all periods, including older debts.

Pursuant to Subsection (2)(b) the Department of Revenue first sent 59,032 Warning of Risk of Tax Foreclosure Action notices. A second set of 41,851 notices were then sent to Taxpayers who did not respond to the first. An example of this letter is available in nine languages on the Department of Revenue website at: <https://www.phila.gov/documents/warning-of-risk-of-tax-foreclosure/>

	# Accounts	# Second Notice Letters Sent
Owner-Occupied Properties	217,573	7,829
Other Residential Properties	319,305	29,032
All Other Properties	44,246	4,990
Total	581,124	41,851²

(.3) how many Taxpayer contacts resulted in new payment agreements being made and a breakdown of such payment agreements by type, term, and amount of liability covered;

In 2018, the Department of Revenue and its representatives approved 6,624 new Owner-Occupied Payment Agreements. Breakdowns for new Standard Real Estate Agreements are not available.

New 2018 OOPAs by Term	# Accounts	\$ Under Agreement
0–12 months	996	\$6,635,401
13–36 months	1,069	\$3,406,566
37-60 months	846	\$4,035,781
>60 months	3,713	\$48,494,761
Total	6,624	\$62,572,509

(.4) how many taxpayer contacts did not result in payment agreements being made and a breakdown of the reasons for the same (e.g., lack of title, failure of taxpayer to follow up, and so on);

The Department of Revenue receives over 250,000 calls and 150,000 in-person visits each year and does not have technology to track and report on the reason for each individual Taxpayer call, e-mail, letter, or office visit. The Department cannot accurately track the number of Taxpayer contacts that did not result in a payment Agreement.

OOPA Agreements are most commonly canceled because of the abandonment of an application or failure to return signed payment Agreements.

(.5) the total number of taxpayers referred by the Department to housing counseling agencies or legal services agencies including a breakdown of the number of referrals to each agency;

Starting in 2018, the OOPA Application includes a question asking if the applicant would like free housing counseling and how they would like to be contacted if they do. Additionally, every OOPA application packet includes a listing of housing counseling and legal service agencies where the Taxpayer

² For the first Warning of Risk of Foreclosure notice, data is not available by housing tenure/property type.

can seek professional assistance. The Taxpayer Assistance brochure is also available on our website to all interested parties. In 2018, 72 OOPA applicants (1% of 2018 OOPA applicants) requested free housing counseling and were referred.

(.6) the total number of existing payment agreements and a breakdown of such payment agreements by type, term, and amount of liability covered, which liability shall be further broken down into principal, interest, penalties, and other fees or costs;

The table below accounts for the total number of existing Owner-Occupied Payment Agreements with a breakdown of each by type, term, and amount of liability covered including principal, interest, penalties, and other fees or costs. 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 Department of Revenue website at:

<https://www.phila.gov/oopa>

Due to difficulties in programming and retrieving this data from the Department's 30+ year old IT system, the figures below do not include 2018 tax amounts from accounts with current year taxes rolled into an active Owner-Occupied Payment Agreements before December 31, 2018. Therefore, this data undercounts the amount of debt under agreement at that time. As of January 1, 2019, this debt was officially considered delinquent and is rolled into current Owner-Occupied Payment Agreements unless the Taxpayer chose to opt out.

2018 OOPA Counts by Tier

Agreement Type Months	by	Count	Principal	Interest	Penalties	Other Fees	Total
Tier 1 Agreements							
0–12		24	\$21,972	\$6,610	\$2,907	\$7,348	\$38,836
13–36		57	\$124,099	\$73,619	\$26,436	\$36,170	\$260,324
37-60		12	\$64,700	\$33,820	\$8,624	\$10,718	\$117,863
>60		12	\$109,964	\$89,951	\$9,750	\$17,981	\$227,646
Total Tier 1 Agreements		105	\$320,734	\$204,000	\$47,717	\$72,217	\$644,668
Tier 2 Agreements							
0–12		78	\$54,859	\$30,910	\$15,219	\$29,636	\$130,624
13–36		116	\$324,900	\$147,050	\$47,627	\$84,561	\$604,139
37-60		35	\$153,082	\$165,295	\$25,897	\$41,741	\$386,016
>60		61	\$667,535	\$576,309	\$70,969	\$115,867	\$1,430,681
Total Tier 2 Agreements		290	\$1,200,376	\$919,565	\$159,713	\$271,806	\$2,551,460
Tier 3 Agreements							
0–12		189	\$95,791	\$77,390	\$25,286	\$59,356	\$257,823
13–36		610	\$1,016,776	\$642,294	\$164,811	\$358,134	\$2,182,015
37-60		322	\$1,060,495	\$828,374	\$152,850	\$296,263	\$2,337,983
>60		487	\$4,884,824	\$4,438,370	\$472,469	\$884,676	\$10,680,338
Total Tier 3 Agreements		1,608	\$7,057,886	\$5,986,428	\$815,416	\$1,598,429	\$15,458,159
Tier 4 Agreements							
0–12		66	\$12,926	\$28,301	\$5,785	\$15,618	\$62,631
13–36		628	\$454,989	\$436,435	\$83,273	\$256,312	\$1,231,009
37-60		932	\$1,240,984	\$899,535	\$159,972	\$483,469	\$2,783,960
>60		7,148	\$46,094,211	\$34,445,945	\$3,834,578	\$8,901,673	\$93,276,407
Total Tier 4 Agreements		8,774	\$47,803,111	\$35,810,217	\$4,083,608	\$9,657,072	\$97,354,007
Tier 5 Agreements							
		695	\$3,379,279	\$1,811,085	\$242,127	\$762,223	\$6,194,712
Total Tier 5 Agreements		695	\$3,379,279	\$1,811,085	\$242,127	\$762,223	\$6,194,712
Total of all Agreements		11,472	\$59,761,383	\$44,731,293	\$5,348,582	\$12,361,747	\$122,203,005

The terms for Tier 5 Agreements are varied as the required monthly payment is \$0. These Agreements are immeasurable as each new year's real estate taxes are automatically rolled in. Tier 5 Agreements are finalized when the Household no longer meets income eligibility requirements, or the property is sold.

(.7) the total number of payment agreements on which taxpayers defaulted during the applicable period and the reason(s) for the default.

Taxpayers default on their OOPA's for failure to pay. There are no Tier 5 defaults as the monthly payment amount is \$0. Default statistics for 2018 are as follows:

- Tier 1 – 28
- Tier 2 – 61
- Tier3 – 284
- Tier 4 -1,073
- Total Defaults - 1,446