



CITY OF PHILADELPHIA

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

July 28, 2021

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 2020 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.

Following the City's stay-at-home order in mid-March due to the COVID-19 coronavirus pandemic, Revenue faced extraordinary challenges to maintain and adapt our services. The health of our employees and taxpayers became our biggest concern. Despite the challenges of socially distanced outreach, we partnered with City Council since mid-May 2020 to participate in virtual events that promoted our assistance programs. During this time, we paused enforcement for taxpayers who couldn't pay their Real Estate Tax and did not put unpaid OOPAs into a "breach" status for non-payment.

We continue to take a compassionate enforcement approach, especially for vulnerable residents enrolled in the OOPA program. Moving forward, Revenue will begin modified collections for this group that allows homeowners who have not met their obligation during the pandemic to remain in the program. We are working with those homeowners who continue to feel the effects of the pandemic, affecting their ability to pay, to reevaluate their agreements and make updates as needed.

I look forward to collaborating with City Council to further our outreach efforts.

Very truly yours,

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

Commissioner Frank Breslin, CPA
Chief Collections Officer

FB/sr

Enclosure

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



Photo credit M. Fischetti for VISIT PHILADELPHIA

2020 Annual Report Owner-Occupied Payment Agreement (OOPA)



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DEPARTMENT OF REVENUE

Executive Summary

In mid-March 2020, the COVID-19 coronavirus pandemic shut down City services for the safety of Department staff and taxpayers. As a result, enforcement actions were temporarily stopped and the Department was limited to virtual community outreach, which ultimately decreased the number of taxpayers enrolled in the Owner-Occupied Payment Agreement. By the end of 2020, there were 7,909 homeowners enrolled in OOPA with \$78,455,495 under agreement. As enforcement

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 between 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. Terms for this tier include zero percent (0%) of interest paid and zero percent (0%) of penalties accrued. Monthly payments are \$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. Terms for this tier include zero percent (0%) of interest paid, 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. Terms for this tier include fifty percent (50%) of interest paid, and 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. Terms for this tier include one hundred percent (100%) of interest paid, 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.

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

2020 Tier Eligibility

Household Size	Monthly income				
	Tier 5	Tier 4	Tier 3	Tier 2	Tier 1
1	\$0 – \$846	\$847 – \$1,692*	\$1,693 – \$2,821	\$2,822 – \$3,950	\$3,951 and up
2	\$0 – \$967	\$968 – \$1,933*	\$1,934 – \$3,221	\$3,222 – \$4,513	\$4,514 and up
3	\$0 – \$1,088	\$1,089 – \$2,175*	\$2,176 – \$3,625	\$3,626 – \$5,075	\$5,076 and up
4	\$0 – \$1,208	\$1,209 – \$2,417*	\$2,418 – \$4,025	\$4,026 – \$5,638	\$5,639 and up
5	\$0 – \$1,308	\$1,309 – \$2,613*	\$2,614 – \$4,350	\$4,351 – \$6,092	\$6,093 and up
6	\$0 – \$1,404	\$1,405 – \$2,804*	\$2,805 – \$4,671	\$4,672 – \$6,542	\$6,543 and up
7	\$0 – \$1,500	\$1,501 – \$3,000*	\$3,001 – \$4,992	\$4,993 – \$6,992	\$6,993 and up
8	\$0 – \$1,596	\$1,597 – \$3,192*	\$3,193 – \$5,317	\$5,318 – \$7,442	\$7,443 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 twenty-five dollars 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.

NEW IN 2020

Auto-Enrolled OOPA accounts into Homestead. Beginning January 2020, for the first time, the Department streamlined the process of auto enrolling taxpayers entering into new OOPA simultaneously into the Homestead Exemption. Prior to this new monthly procedure, the Department cross enrolled taxpayers once every year.

Pause in Enforcement for non-payment. Due to the COVID-19 coronavirus pandemic, the Department temporarily suspended all tax enforcement actions focusing efforts on promoting payment plans for Real Estate and other taxes.

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:

- **Piloting OOPA outreach via SMS Texting with the Law Department:** Revenue launched SMS texting during the COVID-19 pandemic to alert taxpayers who applied for an OOPA of their application status. Taxpayers opt-in to receive messages when they apply for the program and it is a secure and inexpensive way to help them stay in tax compliance.
- **Immigrant Outreach** – in Spring of 2020, the Department hired two vendors to conduct culturally competent outreach to Philadelphia’s Chinese and West African communities. Among many activities, such as podcasts and print materials, the vendors leveraged social media commonly found in these communities but not used by existing government accounts (WhatsApp and WeChat).
- **Translated Application Materials** – the Department created videos and translated the OOPA application and instructions into Mandarin Chinese, Cantonese, French and Haitian Creole.
- **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 Delinquency as of December 31, 2020

	# Accounts	Principal	Interest	Penalties	Other	Total
Homestead	25,863	\$83,111,914	\$59,590,172	\$7,073,337	\$18,591,325	\$168,366,747
Non-Homestead Residential	41,667	\$90,437,624	\$41,184,670	\$5,041,611	\$29,340,427	\$166,004,331
All Other Properties	7,048	\$53,228,469	\$11,243,573	\$2,161,804	\$6,043,162	\$72,677,008
Total	74,578	\$226,778,006	\$112,018,415	\$14,276,752	\$53,974,914	\$407,048,086

(.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;

Pursuant to Subsection (2)(b) the Department of Revenue first sent 47,251 Warning of Risk of Tax Foreclosure Action notices. 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/>

There were no additional letters sent in 2020 as tax enforcement was paused.

	# Accounts
Owner-Occupied Properties	47,251
Other Residential Properties	15,413
All Other Properties	2,715
Total	47,251

(.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;

The Department of Revenue and its representatives approved 3,974 Standard Real Estate Agreements and 7,909 Owner-Occupied Payment Agreements in 2020, for a combined total of 11,883 agreements entered. Of those, 460 Owner-Occupied Payment Agreements were approved for Taxpayers requesting this type of assistance for the first-time.

OOPA by Term	# Accounts	\$ Under Agreement
0–12 months	1,436	\$11,179,769
13–36 months	418	\$1,172,717
37-60 months	524	\$1,987,278
>60 months	5,531	\$64,115,732
Total	7,909	\$78,455,495

Standard Agreements by Term	# Accounts	\$ Under Agreement
0–12 months	3,756	\$10,040,138
13–36 months	210	\$1,584,791
37-60 months	8	\$87,761
>60 months	0	\$0
Total	3,974	\$11,712,691

(.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 received over 174,000 calls and 32,000 in-person visits this year. Due to the mid-March shutdown, both telephone calls and visits are significantly less in 2020 than prior years.

The Department does not have technology to track and report on the reason for each individual Taxpayer call, e-mail, letter, or office visit. It also 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. The Department does not, however, track the number of referrals made to each agency. Additionally, every OOPA application packet includes a listing 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.

(.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>

2020 OOPA Counts by Tier

Agreement Type Term Range	by	Count	Principal	Interest	Penalties	Other Fees	Total
Tier 1 Agreements							
0–12		29	\$20,987	\$3,819	\$1,901	\$6,036	\$32,743
13–36		37	\$108,360	\$52,767	\$16,322	\$23,277	\$20,726
37-60		5	\$20,731	\$17,837	\$3,892	\$4,667	\$47,127
>60		9	\$131,765	\$172,273	\$13,803	\$25,074	\$342,915
Total Tier 1 Agreements		80	\$281,843	\$246,696	\$35,918	\$59,055	\$623,512
Tier 2 Agreements							
0–12		53	\$38,538	\$9,150	\$5,648	\$12,861	\$66,196
13–36		96	\$236,193	\$100,482	\$31,443	\$53,180	\$421,298
37-60		35	\$155,824	\$141,876	\$24,626	\$37,849	\$360,175
>60		60	\$563,179	\$571,756	\$71,074	\$109,687	\$1,315,696
Total Tier 2 Agreements		244	\$993,734	\$823,263	\$132,791	\$213,577	\$2,163,365
Tier 3 Agreements							
0–12		149	\$76,816	\$37,761	\$13,097	\$35,309	\$162,983
13–36		489	\$599,538	\$374,296	\$110,186	\$230,125	\$1,314,145
37-60		266	\$834,729	\$726,313	\$138,246	\$253,671	\$1,952,959
>60		477	\$4,749,510	\$4,856,243	\$514,930	\$931,258	\$11,051,940
Total Tier 3 Agreements		1,381	\$6,260,593	\$5,994,612	\$776,459	\$1,450,362	\$14,482,027
Tier 4 Agreements							
0–12		64	\$3,041	\$8,252	\$1,746	\$4,344	\$17,384
13–36		527	\$144,412	\$233,990	\$51,305	\$160,010	\$589,717
37-60		767	\$693,395	\$806,709	\$140,576	\$408,262	\$2,048,942
>60		6,902	\$47,347,285	\$39,219,278	\$4,193,215	\$9,636,931	\$100,396,710
Total Tier 4 Agreements		8,260	\$48,188,134	\$40,268,229	\$4,386,843	\$10,209,547	\$103,052,753
Tier 5 Agreements							
		1,736	\$9,520,409	\$5,979,709	\$714,216	\$2,192,602	\$18,406,936
Total Tier 5 Agreements		1,736	\$9,520,409	\$5,979,709	\$714,216	\$2,192,602	\$18,406,936
Total of all Agreements		11,701	\$65,244,713	\$53,312,510	\$6,046,227	\$14,125,143	\$138,728,593

Due to the unique terms and special provisions of tier 5 agreements, these agreements do not have any set length. Additionally, balances fluctuate when unpaid current year balances are rolled in. Tier 5 agreements can be revoked if the Household no longer meets income eligibility requirements or if the property is transferred or 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. Defaults for non-payment were suspended in March of 2020 as part of Revenue's COVID relief measures. Default data represents activity

for January, February, and March only. There are no Tier 5 defaults as the monthly payment amount is \$0.

- Tier 1 – 4
- Tier 2 – 16
- Tier3 – 86
- Tier 4 - 296
- Total Defaults – 402