

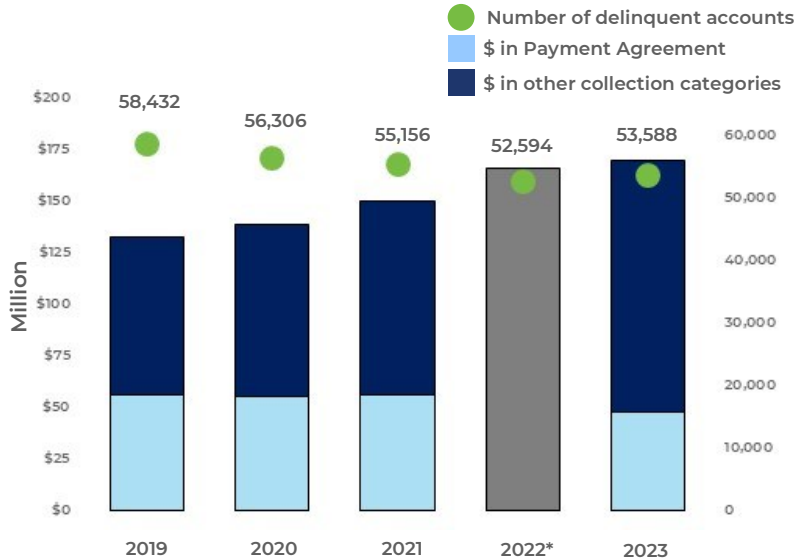
# Real Estate Tax delinquency increases, continues four-year trend

The lack of Sheriff Sales continues to challenge the City's delinquent tax collection efforts. Sheriff Sales, a primary tool to collect delinquent Real Estate Taxes, have been paused since March 2020. As a result, delinquency has gradually increased.

Without Sheriff Sales, the City cannot place as many delinquent accounts into payment agreements, leading to increases of delinquent accounts.

The City has modernized paying Real Estate Taxes and other property debt with the launch of the second phase of the Philadelphia Tax Center in 2022.

## How are our collection efforts going?



**2%** Increase in principal delinquency from 2022 to 2023

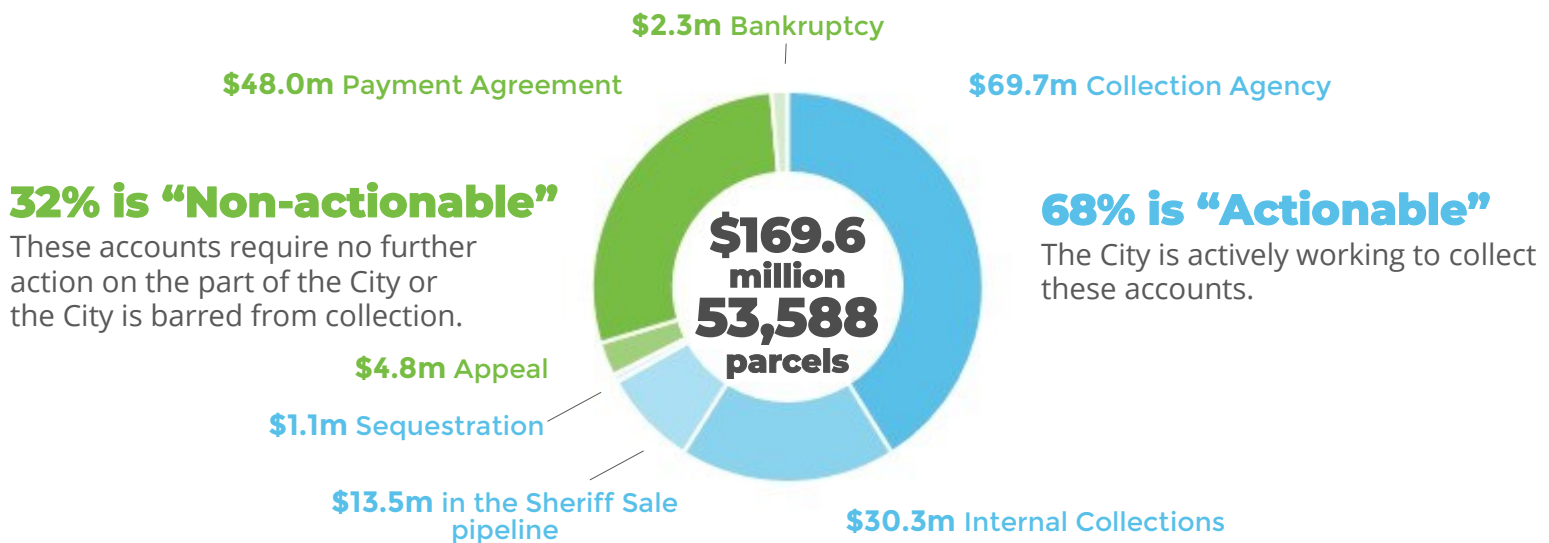
In FY23, Revenue resumed collection strategies that help taxpayers manage their debt by alerting them about the amount they owe and how to resolve it. Some of these strategies include:

**Outreach events:** We attend over 300 community events annually to help taxpayers learn about assistance programs, enroll in payment agreements, and ask questions about their tax bills.

**Placement of overdue accounts with collection firms:** By contacting accounts that are overdue but not yet delinquent, we help taxpayers resolve a smaller total debt.

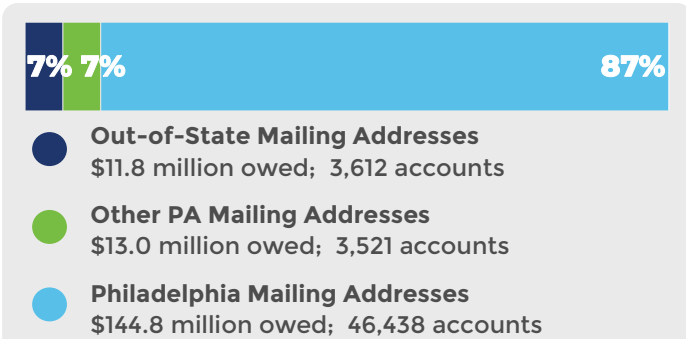
\*Payment agreement data not available for 2022

## How do we collect delinquent balances?



## Who is delinquent?

### Owner Location\*



### Property type



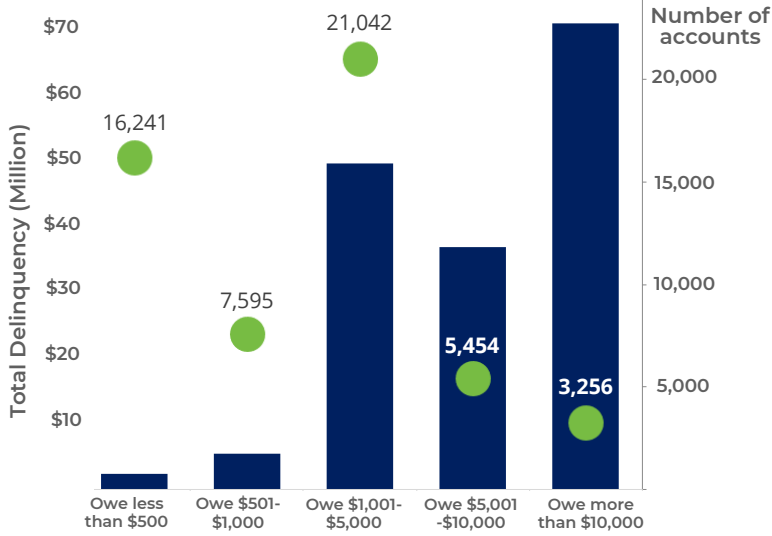
Residential properties

**40%** of total debt is owed by owner-occupants.

This includes accounts enrolled in the Homestead Exemption, LOOP, Senior Freeze, and OOPA.

\*17 accounts do not have a mailing address. Percentages exceed 100% due to rounding.

# Breakdown of Delinquency by amount owed



● Number of delinquent accounts  
■ Principal delinquency by amount

**84% of accounts owe less than \$5,000 in delinquent Real Estate Taxes.**

Only 6% of delinquent accounts owe more than \$10,000, however these accounts represent 43% of total delinquent Real Estate Taxes.

44% of accounts have less than \$1,000 in delinquency.

## The numbers by City Council district

| Council District | Number of Delinquent Accounts (FY23) | Total Principal Due (FY23) | Average Principal Balance (FY23) | Principal Balance Change from FY19 | Principal Balance in FY19 | Percent of Accounts in a Payment Agreement (FY23) |
|------------------|--------------------------------------|----------------------------|----------------------------------|------------------------------------|---------------------------|---|
| 1                | 3,617                                | \$18,852,314               | \$5,212                          | 75%                                | \$10,778,645              | 17%   |
| 2                | 4,974                                | \$20,145,088               | \$4,050                          | 34%                                | \$14,996,568              | 19%   |
| 3                | 7,501                                | \$20,910,717               | \$2,788                          | -28%                               | \$28,862,676              | 21%   |
| 4                | 5,596                                | \$16,548,207               | \$2,957                          | -23%                               | \$21,421,679              | 20%   |
| 5                | 8,951                                | \$21,798,277               | \$2,435                          | -15%                               | \$25,683,477              | 13%   |
| 6                | 1,973                                | \$8,342,865                | \$4,229                          | 33%                                | \$6,286,382               | 17%   |
| 7                | 7,645                                | \$14,918,298               | \$1,951                          | -24%                               | \$19,704,794              | 13%   |
| 8                | 8,137                                | \$24,224,511               | \$2,977                          | -32%                               | \$35,735,871              | 22%   |
| 9                | 3,643                                | \$13,977,405               | \$3,837                          | -8%                                | \$15,160,348              | 27%   |
| 10               | 1,322                                | \$7,324,113                | \$5,540                          | 62%                                | \$4,514,084               | 17%   |
| Undefined        | 229                                  | \$2,597,296                | \$11,342                         |                                    |                           | 16%   |

## What are Revenue's next collection strategies?

### In Fiscal Year 2024, the City will:

- Prepare for the reinstatement of Sheriff Sales. Once they resume, Sheriff Sales will spur taxpayers to action and enroll in payment agreement plans.
- Continue auto-enrollment efforts for taxpayers who qualify for Real Estate Tax assistance.
- Continue to collaborate with City Council and community stakeholders to host enrollment events for Real Estate Tax assistance programs, particularly in districts where delinquency is increasing.

### Notes about this data:

This report uses data current through June 2023. Amounts in this report refer to principal due for active periods after January 1, 2013. Older debts, including interest, penalties, and other fees are much less likely to be collected and are often reduced or waived if and when payment occurs. Presenting the active principal delinquency reflects reasonable expectations for collection.

Active delinquent balances also include properties that are currently under appeal. These accounts may have adjustments to principal balance at a later date.

